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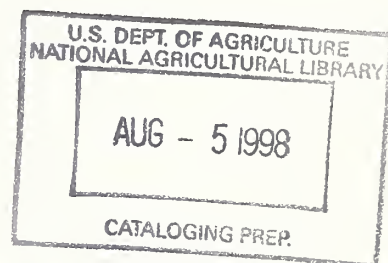
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The Agricultural Situation in the Far East and Oceania

Review of 1974 and Outlook for 1975




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Report No. 105

FAR EAST & OCEANIA

 Countries included in this study



ABSTRACT: Agricultural output in the Far East and Oceania advanced 1 percent in 1974, despite a sharp downturn in India's food grain production. South Vietnam, Indonesia, Sri Lanka, and West Malaysia showed the largest increase in agricultural production, while India, Burma, and Pakistan suffered the greatest setbacks. Per capita food production declined in 10 countries. Overall rice production fell nearly 3 percent, although record-high levels were achieved in seven countries. India's rice and wheat crops each plummeted 10 percent during 1974. U.S. agricultural exports to the Far East and Oceania totaled \$6.6 billion, up 20 percent from the previous year, while U.S. agricultural imports from the region climbed 26 percent to \$2.9 billion. U.S. farm exports to the Far East and Oceania should continue to expand in 1975.

KEY WORDS: Far East, Oceania, Asia, economic situation, agricultural production, agricultural trade.

FOREWORD

This annual review provides an analytical basis for shortrun policy decisions and informs the public about current agricultural developments in the Far East and Oceania. It is one of seven regional supplements to *The World Agricultural Situation*, WAS-6, December 1974. Other regional reports are published for Western Europe, the USSR, Eastern Europe, the Western Hemisphere, and Communist Asia. This report is based primarily on information available as of March 31, 1975.

Additional statistical information relating to production and trade of agricultural products in the region appears in a separate publication, *The 1972 Agricultural Data Book for the Far East and Oceania*, ERS-Foreign 267, October 1972. An updated version will be released in 1975.

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EXPLANATORY NOTES:

Far East refers to non-Communist countries in Asia from Afghanistan east. *Oceania* refers only to Australia and New Zealand except for regional trade data on U.S. agricultural exports and imports shown in tables 10 and 11.

Unless otherwise stated, *split years* (e.g. 1973/74) mean July-June, *tons* are metric, and *dollars* are U.S. dollars. Unless specified otherwise, data on *rice* are for milled rice.

Calendar year production includes crops harvested during the spring, summer, and autumn of 1974 (for example) and some crops such as rice, where the bulk of the crop is harvested in 1974, but harvest continues into the early part of 1975. Unless otherwise stated, text references to years are calendar years.

GNP refers to gross national product, GDP to gross domestic product. HYV refers to high-yielding varieties of a crop.

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THE AGRICULTURAL SITUATION IN THE FAR EAST AND OCEANIA

Review of 1974 and Outlook for 1975

SUMMARY

Total agricultural production for the Far East and Oceania in 1974 rose about 1 percent above the record-high level of 1973. Production conditions varied widely among some countries and within subregions. Of the 16 countries, production declined in only 6: Bangladesh, India, Pakistan, Burma, Khmer Republic, and New Zealand. Output rose or remained the same in the other ten. On a per capita food basis, 10 countries experienced declines. Of the five countries for which indices have not been calculated, Laos and Singapore had lower agricultural production in 1974 than in 1973, while Afghanistan, Nepal, and Hong Kong all increased their output.

India, Pakistan, and Burma experienced large decreases in agricultural production directly attributable to adverse weather. India did not get enough monsoon rain while Pakistan and Burma had floods.

More distressing than these declines is the smaller per capita agricultural production in 1974 than the average for 1961-65 in six nations. For the Khmer Republic, the most serious example, total reported agricultural production reached only 34 percent of the 1961-65 average, and per capita food production fell to 21 percent of the 1961-65 level.

Afghanistan, Nepal, and Sri Lanka were among countries in which weather last year favored good crop production. And though Bangladesh experienced the worst floods in 20 years, farmers harvested a record rice crop. Summer monsoon rainfall in India fell about one-fifth below normal levels and it was poorly distributed in time and area covered. In the wheat areas, for example, winter rainfall in 1973/74 was 50 percent below normal. Laos had both late monsoon rains and floods. In Thailand, good weather came during the planting season, followed by a short period of drought in the growing season and floods at harvesttime.

Bad weather generally affected most of India's major food crops. Production of wheat, the country's second largest food grain, plummeted more than 10 percent in 1974. Thus, total grain imports by India are expected to rise to about 6.5 million tons in 1974/75.

Production of rice, the major food crop for the Far East and Oceania, declined about 3 percent in 1974, primarily due to the sharp decrease in India. There,

production fell about 10 percent because of inadequate monsoon rains. However, rice production in most of the other countries achieved quite good levels, and 1974 preliminary production estimates indicate record-high output in Bangladesh, Indonesia, South Korea, Malaysia, the Philippines, Thailand, and South Vietnam.

Australia, the second largest wheat producer in the region, recorded a 3-percent drop in wheat output to 11.7 million tons—still the fourth largest crop on record. Pakistan, another major wheat producer in Asia, maintained production at the previous year's record-high level.

India and the Philippines harvested record sugar crops, production in Taiwan went up 21 percent, and a big expansion occurred in South Vietnam because of a 54-percent increase in sugarcane area. Australia had a poor crop in 1973/74 but the 1974/75 crop rose about 15 percent. Coupled with the region's excellent sugar harvest was a generally favorable export price, making sugar in 1974 an excellent source of foreign exchange for sugar-exporting countries.

Palm oil production continued its recent strong uptrend by advancing 17 percent in Malaysia and over 10 percent in Indonesia, the region's two major producers. However, a decline in copra production somewhat offset these gains. In the Philippines, a major producer of copra, 1974 production reached only about 70 percent of the previous year's output.

Generally, the region's livestock sector suffered in 1974. Though production was up, both demand and price fell. Producing countries not only decreased their demand, but, more importantly, importing countries either reduced imports or cut them off completely.

Production of all meats dropped 15 percent in Australia, reaching its lowest level in 17 years; beef exports also dropped 15 percent. New Zealand's exports of beef and veal dropped 19 percent but mutton exports rose 20 percent. Japanese livestock production increased in the face of a reduced domestic demand; thus, Japan closed its doors to meat imports.

U.S. agricultural imports from the Far East and Oceania went from \$2.3 billion in 1973 to a record \$2.9 billion in 1974. The United States imported agricultural items from the Philippines worth \$847 million in 1974,

up from \$468 million in 1973. The value for sugar alone rose from \$273 million to \$504 million, and coconut oil went from \$95 million to \$231 million. Higher values for U.S. imports of petroleum and rubber last year created a U.S. deficit of over \$1 billion with Indonesia.

The value of U.S. agricultural exports to the Far East and Oceania reached a record \$6.6 billion in 1974—20 percent higher than in 1973 and more than double the \$2.9 billion in 1972. But the rate of increase slowed during 1974. Tonnage of grain shipped to the region fell from 24.9 million tons in 1973 to 20.4 million tons in 1974. Wheat exports to Japan declined from 3.6 million tons in 1973 to 3.0 million in 1974. Shipments of wheat flour to the region also decreased, from 357,000 tons in 1973 to 137,000 tons in 1974. Wheat flour sales to Indonesia, South Vietnam, and Sri Lanka tumbled. These decreases were partially offset by increased U.S. wheat exports to India last year—2.4 million tons compared with 1.8 million in 1973. Also, the value of U.S. grain exports rose from \$2.8 billion in 1973 to \$3.4 billion in 1974, because of the big jump in grain prices. Cotton, soybeans, vegetable oils, and tobacco exported to the Far East and Oceania also brought higher prices.

Because of the generally good rice harvests in the region in 1973, which provided improved domestic supplies in 1974, plus the very high price of rice, U.S. rice exports to the Far East and Oceania decreased to 801,000 tons in 1974 from levels of 934,000 in 1973 and 1.4 million in 1972. Sharply lower imports by South

Korea accounted for much of this decrease. The large rise in rice shipments to the Khmer Republic and smaller increases to Vietnam in 1974 helped offset some of the decline.

U.S. cotton exports to the Far East and Oceania rose from a value of \$561.5 million in 1973 to \$800.3 million in 1974, although quantity exported fell from 743,000 tons in 1973 to 705,000 tons in 1974.

Five countries in the Far East and Oceania imported agricultural commodities valued at \$1 billion or more in 1974. Japan headed the list with agricultural imports valued at \$11 billion, about twice the 1972 level, but only one-fifth above the 1973 level. Hong Kong was the second largest market for agricultural imports. South Korea, India, and Indonesia each imported slightly more than \$1 billion worth.

U.S. agricultural exports to the Far East and Oceania in 1975 are expected to remain strong. Wheat export prospects appear good. Lesser gains are anticipated for commodities such as tobacco, tallow, vegetable oils, cattle hides, frozen poultry, and horticultural products.

Plans to increase the use of fertilizer and other inputs by Asian farmers should bring larger crops in 1975. A slight increase in India's wheat production is expected because of timely rains during February and March. Favorable growing conditions have prevailed in most countries of the Far East and Oceania during the early part of 1975.

U.S. AGRICULTURAL EXPORTS TO THE FAR EAST AND OCEANIA

Exports of U.S. farm products to the Far East and Oceania reached a record \$6.6 billion in 1974—more than double the \$2.9 billion in 1972 and 20 percent above 1973 (figure). The volume of grain and wheat flour shipped to the region dropped 18 percent to 20.4 million tons in 1974, but value jumped 23 percent from \$2.77 billion to \$3.4 billion because of higher prices (table 1). Higher prices for cotton, soybeans, vegetable oils, and tobacco exported to the region also contributed to the value increase in 1974.

U.S. exports of vegetable oils to the Far East and Oceania in 1974 more than doubled their 1973 value (table 2). Exports of meat and dairy products declined mostly because of smaller shipments to Japan. Tobacco exports to the Far East and Oceania reached a record \$315 million in 1974—up 59 percent over 1973.

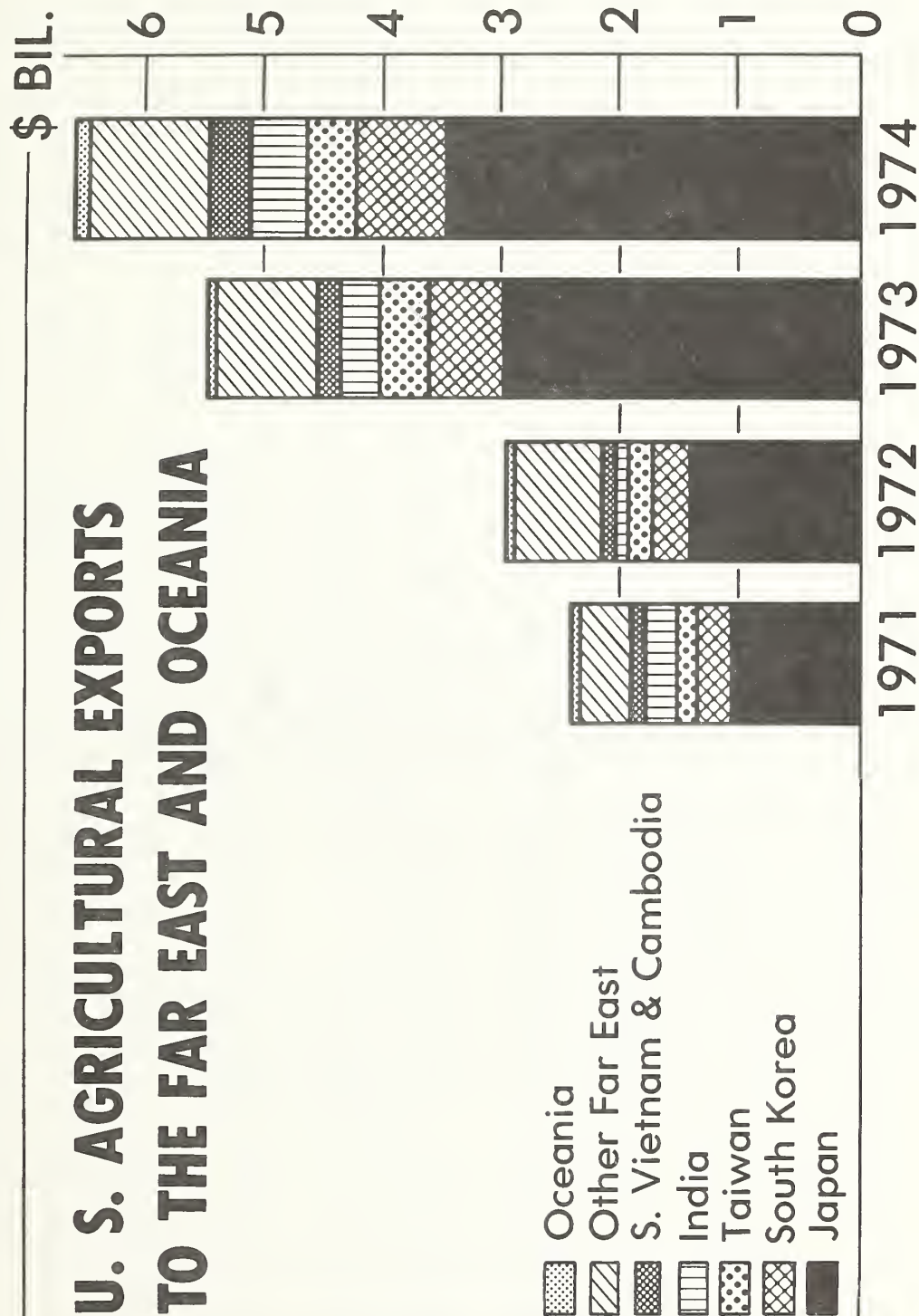
The Far East and Oceania imported agricultural items worth more than \$19 billion in 1974, compared with \$10 billion in 1972 and \$16 billion in 1973. Japan's agricultural imports from all sources reached \$11 billion in 1974—almost double the 1972 level, but only one-fifth above 1973. Hong Kong, the second largest importer of agricultural products in the area, took items worth \$1.5 billion in 1974. Other markets for

agricultural imports valued at \$1 billion or more in 1974 included South Korea, India, and Indonesia. While Indonesia and Hong Kong have relied on Asian suppliers for most of their increased agricultural imports in the last 2 years, Korea and India turned to the United States. Following spectacular gains in 1973, U.S. agricultural exports to the region increased in value in 1974 at a slower pace. The Far East and Oceania now account for over two-fifths of U.S. wheat, rice, and cotton exports.

What explains the upward trend in the value of U.S. farm exports to the Far East and Oceania during the last 2 years?

1. Prices for U.S. commodities shipped to the area were markedly higher. Average export prices in 1974 for wheat, rice, corn, soybeans, and cotton were more than double those recorded in 1972.
2. Improved skills, rising urban employment, and a wider distribution of economic benefits in the region contributed to higher per capita income and to rising purchasing power. This was particularly evident in markets noted for their rapid economic growth—Japan, South Korea, Taiwan, Hong Kong, and Singapore. They take a

U. S. AGRICULTURAL EXPORTS TO THE FAR EAST AND OCEANIA



USDA

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Table 1.--U.S. exports of grain and wheat flour to the Far East, 1972-74

Country	Wheat			Wheat flour			Rice		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
	1,000 tons								
Bangladesh	775	594	825	--	--	1	79	--	--
Hong Kong	41	63	79	--	1	2	6	66	5
India	165	1,836	2,405	5	6	6	13	--	--
Indonesia	319	542	36	4	32	4	322	112	57
Japan	2,495	3,605	2,994	--	--	--	--	--	29
Khmer, Republic (Cambodia)	12	8	19	23	--	--	29	124	213
Korea, Republic of	1,795	1,990	1,268	98	60	44	566	328	250
Laos	--	--	--	7	6	3	--	--	--
Malaysia	2	17	18	1	--	--	--	1	--
Pakistan	1,277	648	466	--	2	5	52	--	--
Philippines	483	394	359	28	32	28	54	--	--
Singapore	6	49	41	1	1	--	--	46	2
Sri Lanka (Ceylon)	--	--	--	302	188	35	--	--	--
Taiwan	478	575	614	--	--	2	--	--	--
Thailand	23	23	40	1	4	5	--	--	--
Vietnam, Republic of	172	166	104	71	29	2	311	258	274
Other	10	--	--	--	--	--	--	--	--
Total	8,053	10,510	9,268	541	361	137	1,432	935	830
	Million dollars								
Bangladesh	53.4	70.2	148.8	--	--	.1	16.4	--	--
Hong Kong	2.7	6.8	15.1	--	.1	.4	1.2	27.9	2.6
India	11.0	211.1	372.9	.4	.8	1.1	2.8	--	--
Indonesia	23.1	63.2	6.5	.3	3.4	.5	60.5	37.2	19.7
Japan	161.6	405.9	571.9	--	--	--	--	--	14.4
Khmer, Republic (Cambodia)	.9	1.2	3.1	1.7	--	--	5.7	54.1	104.6
Korea, Republic of	122.3	276.4	252.7	6.5	5.9	8.4	88.9	82.1	108.0
Laos	--	--	--	.5	.6	.4	--	--	--
Malaysia	.1	1.7	3.3	.1	--	.1	--	.5	--
Pakistan	81.4	89.0	79.9	--	.3	.7	9.9	--	--
Philippines	31.7	45.5	62.6	2.0	4.0	5.4	11.1	--	--
Singapore	.3	6.2	8.2	--	.1	--	--	19.6	.8
Sri Lanka (Ceylon)	--	--	--	21.3	18.0	6.4	--	--	--
Taiwan	29.4	85.1	116.0	--	--	.2	--	--	--
Thailand	1.5	2.5	7.3	.1	.3	.9	--	--	--
Vietnam, Republic of	12.0	15.3	18.8	4.7	2.9	.3	63.7	80.5	148.7
Other	.6	--	--	--	--	--	--	--	--
Total	532.0	1,280.1	1,667.1	37.6	36.4	24.9	260.2	301.9	398.8
	Corn			Other cereals			Total grain and wheat flour		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
	1,000 tons								
Bangladesh	--	--	--	--	--	--	854	594	826
Hong Kong	--	--	--	--	--	--	47	130	86
India	19	3	3	1	917	87	203	2,762	2,501
Indonesia	--	172	--	--	--	--	645	858	97
Japan	3,595	7,096	5,994	2,145	3,187	2,683	8,235	13,888	11,700
Khmer, Republic (Cambodia)	--	--	4	--	--	--	.64	132	236
Korea, Republic of	480	377	469	54	512	529	2,993	3,267	2,560
Laos	--	--	--	--	--	--	7	6	3
Malaysia	--	7	--	--	--	--	3	25	18
Pakistan	4	--	7	--	--	41	1,333	650	519
Philippines	142	24	112	--	--	--	707	450	499
Singapore	37	57	--	--	--	--	44	153	43
Sri Lanka (Ceylon)	7	--	--	--	--	--	309	188	35
Taiwan	203	561	240	7	102	21	688	1,238	877
Thailand	--	--	--	--	--	--	24	27	45
Vietnam, Republic of	94	68	11	--	--	--	648	521	391
Other	--	--	--	--	--	--	10	--	--
Total	4,581	8,365	6,840	2,207	4,718	3,361	16,814	24,883	20,436
	Million dollars								
Bangladesh	--	--	--	--	--	--	69.8	70.2	148.9
Hong Kong	--	--	--	--	--	--	3.9	34.8	18.1
India	1.0	.4	.4	.1	71.0	9.3	15.3	283.3	383.7
Indonesia	--	13.9	--	--	--	--	83.9	117.7	26.7
Japan	199.6	646.8	788.0	118.1	266.7	323.8	479.3	1,319.4	1,698.1
Khmer, Republic (Cambodia)	--	--	.5	--	--	--	8.3	55.3	108.2
Korea, Republic of	25.7	38.4	64.2	3.3	43.6	76.1	246.7	446.4	509.4
Laos	--	--	--	--	--	--	.5	.6	.4
Malaysia	--	.5	--	--	--	--	.2	2.7	3.4
Pakistan	.2	--	.9	--	--	4.4	91.5	89.3	85.9
Philippines	7.7	1.8	19.6	--	--	--	52.5	51.3	87.7
Singapore	2.2	4.2	--	--	--	--	2.5	30.1	9.0
Sri Lanka (Ceylon)	.4	--	--	--	--	--	21.7	18.0	6.4
Taiwan	16.4	49.8	33.3	.8	9.4	3.0	46.1	144.3	152.5
Thailand	--	--	--	--	--	--	1.6	2.8	8.2
Vietnam, Republic of	5.2	6.4	1.3	--	--	--	85.6	105.1	169.1
Other	--	--	--	--	--	--	.6	--	--
Total	258.4	762.2	908.2	122.3	390.7	416.7	1,210.5	2,771.3	3,415.7

Note: Dashes mean negligible or none.

Source: Bureau of the Census, U.S. Dept. of Commerce.

Table 2.--U.S. exports of selected agricultural commodities used predominately as raw materials for industry, 1972-74

Country	Soybeans			Cotton, raw			Tobacco		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
	1,000 tons			Tons					
Bangladesh	--	--	--	20,466	4,355	23,950	--	--	--
Hong Kong	--	--	1	13,281	52,037	62,270	1,587	1,249	2,049
India	--	--	--	2,177	--	--	26	95	113
Indonesia	--	--	--	48,988	44,416	35,489	248	470	548
Japan	2,977	3,193	2,759	156,110	236,233	386,310	39,591	36,012	49,928
Khmer, Republic (Cambodia)	--	--	--	1,960	4,355	--	975	580	735
Korea, Republic of	47	81	24	98,194	150,666	130,418	--	110	361
Malaysia	--	--	--	1,742	5,008	9,144	2,582	3,646	5,439
Pakistan	--	--	--	--	--	--	215	--	274
Philippines	--	5	5	22,208	40,279	28,087	4,310	4,050	5,202
Singapore	53	28	10	871	5,443	8,056	1,226	1,126	610
Taiwan	637	601	492	59,439	122,580	74,462	6,418	7,562	10,812
Thailand	--	--	--	21,337	56,826	31,353	13,877	3,933	9,333
Vietnam, Republic of	--	--	--	20,249	20,902	15,023	8,555	6,647	6,193
Other	--	--	--	218	--	--	56	197	53
Total	3,714	3,908	3,291	467,240	743,099	704,562	79,666	65,677	91,650
	Million dollars								
Bangladesh	--	--	--	14.0	3.2	40.6	--	--	--
Hong Kong	--	--	.2	7.9	36.7	69.1	3.0	2.7	5.4
India	--	--	--	2.1	--	--	.1	.3	.4
Indonesia	--	--	--	38.8	49.4	59.8	.5	.8	1.0
Japan	374.5	715.9	724.3	113.2	178.6	298.3	104.8	101.8	165.6
Khmer, Republic (Cambodia)	--	--	--	1.5	3.7	--	1.8	1.3	1.9
Korea, Republic of	6.1	19.6	6.1	76.2	111.8	148.4	--	--	.8
Malaysia	--	--	--	1.2	3.5	10.9	6.4	9.4	16.0
Pakistan	--	--	--	.1	--	--	.7	--	1.0
Philippines	--	1.1	1.3	16.8	29.1	34.7	8.2	9.1	13.0
Singapore	7.0	6.9	2.4	.5	4.2	10.5	2.8	2.9	1.4
Taiwan	75.9	139.4	131.8	40.6	81.4	70.5	14.6	18.2	29.5
Thailand	--	--	--	14.7	40.8	33.4	35.7	10.6	28.5
Vietnam, Republic of	--	--	--	17.4	19.1	24.1	20.3	16.4	17.0
Other	--	--	--	.2	--	--	.1	.6	.2
Total	464.4	882.9	866.6	345.2	561.5	800.3	199.0	174.1	281.7
	Vegetable oil			Tallow					
	1972	1973	1974	1972	1973	1974	1972	1973	1974
	Tons								
Bangladesh	67,010	7,132	13,520	16,014	10,793	9,613			
Hong Kong	1,104	1,859	3,514	--	5	125			
India	49,210	23,038	22,327	35,865	16,773	48,844			
Indonesia	12	71	367	--	--	--			
Japan	23,460	58,993	62,133	142,483	179,059	150,096			
Khmer, Republic (Cambodia)	515	1,001	794	--	--	23			
Korea, Republic of	2,669	5,279	3,611	78,456	85,115	93,021			
Malaysia	243	174	372	27	1,096	538			
Pakistan	54,174	59,814	89,146	37,641	25,974	25,901			
Philippines	631	1,243	772	3,670	5,279	6,270			
Singapore	341	484	3,735	634	828	405			
Taiwan	2,439	436	8,710	18,265	15,021	10,912			
Thailand	170	196	510	286	459	700			
Vietnam, Republic of	15,736	1,384	5,487	540	500	664			
Other	3,825	2,414	315	901	508	499			
Total	221,539	163,518	185,313	334,782	341,400	347,611			
	Million dollars								
Bangladesh	20.4	3.3	10.5	3.3	3.7	5.8			
Hong Kong	.6	1.1	1.5	--	--	.1			
India	17.9	10.7	17.4	7.2	5.9	21.4			
Indonesia	--	.1	.3	--	--	--			
Japan	8.6	24.1	36.9	23.8	48.3	63.1			
Khmer, Republic (Cambodia)	.2	.3	.7	--	--	--			
Korea, Republic of	1.2	2.4	2.1	13.8	26.6	40.8			
Malaysia	.2	.2	.3	--	.5	.3			
Pakistan	14.9	16.3	58.7	7.4	6.3	11.7			
Philippines	.4	.8	.8	.7	1.8	3.1			
Singapore	.3	.4	2.6	.1	.2	.3			
Taiwan	1.0	.3	10.0	3.2	4.1	4.7			
Thailand	.1	.2	.5	--	.1	.3			
Vietnam, Republic of	7.1	.7	4.4	.3	.2	.3			
Other	1.7	1.8	.3	--	--	.2			
Total	74.6	62.7	147.0	59.8	97.7	152.1			

Note: Dashes mean negligible or none.

Source: Bureau of the Census, U.S. Dept. of Commerce.

much wider range of U.S. farm products than do less developed countries with limited foreign exchange.

3. Total exports by countries in the Far East and Oceania in 1974 were almost double their 1972 value. This provided increased foreign exchange for bigger cash purchases of U.S. farm products when shipments financed through the U.S. Government declined to some markets. U.S. agricultural imports from Indonesia, Philippines, and Malaysia increased sharply in 1974.
4. Improvements in methods of transporting and marketing farm products opened new opportunities for U.S. exporters. Bulk handling tended to favor large reliable U.S. firms over small suppliers located far from international transport connections. Increased use of air cargo contributed to dramatic gains in U.S. exports of certain fresh fruits and vegetables to Japan, Hong Kong, Singapore, and Taiwan.
5. Several importing countries in the Far East and Oceania removed or reduced tariffs on many items as it became evident that imports were to their economic advantage. For example, South Korea removed import duties on wheat, breeding animals, and seeds in 1973.

Wheat

U.S. wheat exports for Far East markets declined from 10.5 million tons in 1973 to 9.3 million tons in 1974, but higher prices caused value to rise from \$1.28 billion to \$1.67 billion. The quantity of wheat shipped to Korea and Indonesia fell sharply in 1974.

U.S. wheat exports to Japan fell 17 percent to 3.0 million tons in 1974, but shipments to India increased 50 percent to 2.4 million tons. U.S. wheat exports to Hong Kong, Thailand, and Malaysia have been trending upward during the last 3 years. A marked rise in U.S. wheat exports to India, Bangladesh, Indonesia, Pakistan, and South Korea is expected in 1975.

Increasing U.S. wheat sales to Japan will be difficult because of greater competition from Australia and Canada. Canada plans to up deliveries of wheat to India, Bangladesh, and Indonesia in 1975.

Shipments of U.S. wheat flour to the Far East and Oceania fell from 357,000 tons in 1973 to 137,000 tons in 1974, mostly because exports to Sri Lanka dropped from 188,000 to 35,000 tons. U.S. sales of wheat flour to Indonesia and South Vietnam also fell.

Rice

U.S. commercial rice exports to the Far East are expected to rise in 1975 although P.L. 480 deliveries will probably decline. Total rice exports dropped to 934,000 tons in 1973 and 801,000 tons in 1974, from 1972's record of 1.4 million tons, mostly because of a sharp drop in shipments to South Korea. U.S. rice exports to South Korea are on the upswing again and should reach

450,000 tons in 1975. Larger rice sales are scheduled for Bangladesh, possibly reaching 300,000 tons in 1975. Shipments to Cambodia jumped from 124,000 tons in 1973 to 213,000 tons in 1974. U.S. rice exports to South Vietnam during the last half of 1974 were about one-fourth the level recorded in the comparable part of 1973, and shipments during early 1975 fell to token levels.

Hong Kong and Singapore were good markets for U.S. rice in 1973, when adequate supplies were not available from traditional Asian sources. After deliveries of rice from the People's Republic of China (PRC) and Thailand returned to normal in late 1974, imports of U.S. rice by Hong Kong, Singapore, and Indonesia fell to token levels.

Coarse Grains

U.S. corn exports to Far East markets fell from a record 8.35 million tons in 1973 to 6.84 million tons in 1974, but higher prices caused the value to rise from \$762 million to \$908 million. Corn exports from the United States to Japan fell from 7.1 million tons in 1973 to 6.0 million tons in 1974, and shipments to Taiwan declined from 561,000 to 240,000 tons. These countries increased their purchases of corn from Thailand and South Africa that year.

Indonesia purchased no U.S. corn in 1974, in contrast to 172,000 tons in 1973. Shipments of U.S. corn to the Philippines increased from 24,000 tons to 112,000 tons and exports to South Korea also increased. South Korea took more U.S. barley in 1974 and plans to purchase another 300,000 tons in 1975. Exports of sorghum to Japan declined slightly in 1974 while shipments to India fell sharply. India again began purchasing U.S. sorghum in early 1975, when prices declined in Texas.

Oilseeds and Products

U.S. exports of soybeans to the Far East declined from 3.9 million tons in 1973 to 3.3 million tons in 1974, but the value fell only \$16 million to \$867 million. The average export price for U.S. soybeans going to the Far East increased from \$225.92 per ton in 1972 to \$263.32 in 1974.

U.S. exports of vegetable oils to the Far East and Oceania increased from \$68 million in 1973 to \$157 million in 1974. Those to Japan more than tripled in quantity in 1974, reaching \$14.7 million in value, compared with \$2.4 million in 1973. The volume of soybean oil exports to Pakistan doubled in 1974 while shipments to India remained about the same. Much larger exports of soybean oil to India and Bangladesh are likely in 1975.

Japan and Malaysia sharply increased purchases of U.S. peanut oil in 1974 but sales to Indonesia fell drastically. Exports of U.S. peanuts to Japan declined from \$8.5 million in 1973 to \$8.0 million in 1974.

Japan, Australia, and New Zealand all imported more U.S. cottonseed oil in 1974.

Cotton

Shipments made during early 1974 reflected the unusually high world cotton prices. In late 1974, after prices fell to about 40 cents per pound (f.o.b.), some textile manufacturers failed to open letters of credit against contracts. This action delays delivery, and it is uncertain whether the contracts will eventually be honored.

U.S. cotton exports to the Far East reached a high of 743,000 tons in 1973 but declined to 705,000 in 1974. However, higher prices raised the value from \$561.5 million to \$800.3 million in 1974 (table 2). U.S. cotton exports to Japan reached a record \$298.3 million in 1974—almost triple the \$113.2 million in 1972. Cotton exports to South Korea and Hong Kong also increased rapidly in value during 1974, but shipments to Taiwan declined 39 percent in quantity and 13 percent in value.

Three relatively new markets—Bangladesh, Singapore, and Malaysia—took \$62 million worth of U.S. cotton in 1974, compared with \$12 million in 1973. Cotton, valued at \$60 million, was the major U.S. agricultural export to Indonesia in 1974.

Tobacco

Manufacturers of high-quality cigarettes in the Far East and Oceania use U.S. tobacco for blending. U.S. tobacco exports to Japan reached a record 49,900 tons in 1974, for a value of \$165.6 million. Marked gains also occurred in such exports to Taiwan, South Korea, Hong Kong, Thailand, and Malaysia. Total value of U.S. tobacco exports to Far East and Oceania markets increased from \$198 million in 1973 to \$315 million in 1974.

Other Products

U.S. exports of fruits and vegetables to the Far East continued to rise in 1974 because of larger sales of citrus

to Japan and Hong Kong, apples to Hong Kong and Singapore, and grapes to Hong Kong and Indonesia (table 3). Exports of dried fruit to Japan increased markedly because more raisins were sold.

Smaller shipments of almonds to Japan caused the value for U.S. exports of nuts to the Far East and Oceania to decline 49 percent in 1974 to \$16 million. Exports of canned fruit to Japan and South Korea also fell sharply.

U.S. exports of pork to Japan in 1974 reached less than one-fourth of the 1973 level and shipments of beef dropped 46 percent. However, prices low enough to be attractive to the Japanese kept U.S. exports of frozen poultry to Japan above 10,000 tons in 1974 (table 4). Exports of these products to Hong Kong jumped 49 percent in 1974, to 12,657 tons, and deliveries to Singapore quadrupled.

Exports of U.S. tallow to South Korea and India increased markedly in 1974. Korea is also a fast-growing market for U.S. cattle hides because of its rapidly growing leather and footwear industries.

U.S. exports of nonfat dry milk to the Far East and Oceania declined from \$26.2 million in 1972, when South Vietnam, South Korea, and India were major markets, to only \$0.2 million in 1974. U.S. supplies were not available for export in mid-1974, but increased output allowed exports to resume in late 1974.

Outlook

U.S. agricultural exports to the Far East and Oceania are expected to remain strong in 1975, mainly because of larger wheat exports to India, South Korea and Indonesia and increased rice exports to Bangladesh and South Korea. Further gains are also expected for U.S. exports of tobacco, tallow, vegetable oils, cattle hides, frozen poultry, and horticultural products to the Far East. Average export prices for cereals, oilseeds, and cotton in 1975 will be below the peak levels of 1974; most of the gains will come from additional volume. (*John B. Parker, Jr.*)

Table 3.--U.S. exports of selected horticultural products to the Far East, 1972-74

Country	Citrus fruits			Apples			Grapes			Canned fruits		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
<u>Tons</u>												
Hong Kong	30,990	78,829	78,856	5,242	5,462	9,902	4,539	6,662	7,085	363	1,687	1,470
India	--	--	--	--	--	--	--	--	--	2	2	1
Indonesia	--	263	1,150	194	168	300	153	435	881	49	329	322
Japan	85,226	212,610	251,156	8	16	13	170	672	707	5,610	11,032	5,661
Korea, Rep. of	19	58	21	--	--	67	--	33	--	318	937	165
Malaysia	125	215	201	145	218	114	30	41	12	13	55	87
Philippines	73	16	498	8	112	424	38	144	79	36	97	63
Singapore	1,897	6,139	3,468	1,221	1,536	2,182	865	1,980	1,976	234	825	801
Taiwan	1	24	52	--	2,568	2,394	--	--	70	120	539	516
Thailand	--	18	--	308	655	541	9	1	14	10	53	35
Vietnam, Rep. of	--	--	--	--	--	--	--	--	--	29	30	3
Other	1	128	--	--	--	--	--	--	--	23	--	1
Total	118,332	298,300	335,402	7,126	10,735	15,937	5,804	9,968	10,824	5,807	15,591	9,125
<u>Million dollars</u>												
Hong Kong	14.1	16.9	18.9	1.6	1.8	3.3	2.7	4.1	4.4	.4	.8	.9
India	--	--	--	--	--	--	--	--	--	--	--	--
Indonesia	--	.1	.3	.1	.1	.2	.1	.2	.5	--	.2	.2
Japan	45.7	51.7	67.2	--	--	--	.1	.4	.5	4.0	5.0	3.3
Korea, Rep. of	--	--	--	--	--	--	--	--	--	.3	.4	.1
Malaysia	--	--	--	--	.1	.1	--	--	--	--	--	.1
Philippines	--	--	.1	--	--	.2	--	.1	--	.1	.1	--
Singapore	.9	1.4	.9	.3	.5	.7	.5	1.2	1.1	.2	.4	.5
Taiwan	--	--	--	--	.9	1.0	--	--	--	.1	.2	.3
Thailand	--	--	--	.1	.2	.2	--	--	--	--	--	--
Vietnam, Rep. of	--	--	--	--	--	--	--	--	--	--	--	--
Other	--	.1	--	--	--	--	--	--	--	.1	.1	--
Total	60.7	70.2	87.4	2.1	3.6	5.5	3.4	6.0	6.5	5.2	7.2	5.4
<u>Vegetables and preparations</u> : <u>Dried fruits</u> : <u>Nuts and preparations</u>												
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
<u>Tons</u>												
Hong Kong	N.A.	N.A.	N.A.	490	700	1,209	N.A.	N.A.	N.A.			
India				--	--	--						
Indonesia				8	--	49						
Japan				5,970	8,239	11,369						
Korea, Rep. of				137	175	157						
Malaysia				120	316	325						
Philippines				402	49	225						
Singapore				177	320	534						
Taiwan				261	407	472						
Thailand				15	76	43						
Vietnam, Rep. of				126	120	--						
Other				55	9	15						
Total				7,761	10,236	14,383						
<u>Million dollars</u>												
Hong Kong	3.4	6.7	7.5	.8	.8	1.5		.4		.6		.9
India	1.2	.4	4.1	--	--	--		--		--		--
Indonesia	.3	.5	.7	--	--	.1		--		--		--
Japan	10.0	27.7	35.7	5.7	8.0	10.6		15.1		29.7		14.2
Korea, Rep. of	.4	1.3	.8	.2	.2	.2		--		.1		--
Malaysia	.3	.6	1.1	.2	.3	.4		.1		.1		.2
Philippines	.8	1.9	2.7	.7	.1	.3		--		--		--
Singapore	.9	1.4	2.1	.3	.3	.6		--		.4		.6
Taiwan	1.2	.9	1.6	.2	.3	.5		.4		.1		.2
Thailand	.2	.3	.3	--	.1	.1		--		--		--
Vietnam, Rep. of	.5	1.1	.7	.2	.1	--		--		--		--
Other	1.0	2.4	--	--	--	--		.4		.7		--
Total	20.2	45.2	57.3	8.3	10.2	14.3		16.4		31.7		16.1

Note: Dashes mean negligible or none. N.A. means not applicable.

Source: Bureau of the Census, U.S. Dept. of Commerce.

Table 4.--U.S. exports of meat and nonfat dry milk to the Far East, 1972-74

Country	Beef			Pork			Pork products		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
<u>Tons</u>									
Hong Kong	194	307	291	26	52	432	10	10	34
India	--	--	--	--	--	--	3	3	--
Indonesia	6	13	21	--	--	--	--	--	3
Japan	700	11,120	6,022	20,271	42,586	9,233	730	1,344	512
Korea, Rep. of	32	16	26	4	--	--	5	1	181
Malaysia	38	17	24	--	7	17	--	1	2
Philippines	72	101	179	--	74	72	--	--	--
Singapore	103	182	189	14	64	54	12	18	14
Taiwan	34	128	149	--	7	17	--	--	9
Vietnam, Rep. of	5	1	--	--	--	--	--	--	--
Other	44	4	--	306	2	--	1	3	--
Total	1,228	11,889	6,901	20,621	42,792	9,825	761	1,380	755
<u>Million dollars</u>									
Hong Kong	.7	1.3	1.1	--	.1	.5	--	--	.1
India	--	--	--	--	--	--	--	--	.2
Indonesia	--	--	.1	--	--	--	--	--	--
Japan	2.0	35.0	17.7	25.0	70.4	16.0	.7	1.9	.8
Korea, Rep. of	.1	.1	.1	--	--	--	--	--	--
Malaysia	.1	.1	.1	--	--	--	--	--	--
Philippines	.3	.5	.7	--	--	.1	--	--	--
Singapore	.3	.7	.8	--	--	--	--	--	--
Taiwan	.1	.6	.7	--	--	--	--	--	--
Vietnam, Rep. of	--	--	--	--	--	--	--	--	--
Other	.1	--	--	.3	--	--	--	.1	--
Total	3.7	38.3	21.3	25.3	70.5	16.6	.7	2.0	1.1
<u>Poultry, frozen</u> : <u>Variety meats</u> : <u>Nonfat dry milk</u>									
	1972	1973	1974	1972	1973	1974	1972	1973	1974
<u>Tons</u>									
Hong Kong	9,578	8,519	12,657	184	163	883	3	111	29
India	--	3	7	--	--	--	8,340	183	1
Indonesia	--	--	4	--	--	--	3,374	4	2
Japan	7,914	10,073	10,227	1,813	5,331	2,073	3,847	163	60
Korea, Rep. of	3	2	5	--	--	39	6,584	18	11
Malaysia	121	129	151	--	--	52	336	--	--
Philippines	--	--	16	58	52	2,703	2,933	435	239
Singapore	395	586	2,160	4	--	4	237	27	9
Taiwan	--	16	25	--	2	484	769	31	14
Vietnam, Rep. of	--	2	--	--	--	--	8,405	1,100	15
Other	3	3	1	31	--	--	4,364	1,372	2
Total	18,014	19,327	25,253	2,090	5,548	6,238	34,828	3,444	382
<u>Million dollars</u>									
Hong Kong	4.9	7.3	10.6	.1	.1	.6	--	.1	--
India	--	--	--	--	--	--	4.8	.1	--
Indonesia	.2	.1	--	--	--	--	2.5	--	--
Japan	6.3	10.1	10.7	1.3	5.1	2.8	2.3	.1	--
Korea, Rep. of	--	--	--	--	--	.1	4.7	--	--
Malaysia	.1	.1	.2	--	--	--	--	--	--
Philippines	--	--	--	--	.1	1.2	2.1	.3	.2
Singapore	.3	.6	2.0	--	--	--	.2	--	--
Taiwan	--	--	--	--	--	.3	.5	--	--
Vietnam, Rep. of	--	--	--	--	--	--	5.9	.8	--
Other	.2	.1	--	--	--	--	3.2	1.2	--
Total	11.8	18.2	23.5	1.4	5.3	5.0	26.2	2.6	.2

Note: Dashes mean negligible or none.

Source: Bureau of the Census, U.S. Dept. of Commerce.

AFGHANISTAN

Population of 18.6 million with an annual growth rate of 2.3 percent, 85 percent rural—agriculture accounts for 50 percent of GNP—major agricultural products are wheat, corn, fruits and nuts, rice, cotton, karakul pelts, and wool—major agricultural exports are fruits, karakul pelts, cotton, and wool—major agricultural imports are sugar, tea, and vegetable oils.

Economic Situation

Afghanistan's overall economy improved during 1974 due to favorable weather conditions and Government policies that increased production of both crops and livestock, especially sheep. Many herds of sheep had been lost during the previous 2 years' drought. In 1974, real GDP increased about 3 percent.

Total exports during 1974 were estimated at \$200 million, compared with \$159 million the previous year. Exports of karakul skins dropped from the 1.4 million pelts during 1973 to about 1 million in 1974. Exports of fruits and nuts reached \$72 million in 1974, compared with \$43 million in 1972. Cotton exports jumped from \$7 million in 1973 to \$35 million in 1974.

The total value of all imports during 1974 is estimated at \$135 million, down from \$145 million the previous year. Value declined in 1974 because Afghanistan did not import much wheat.

Agricultural Production

In 1974, Afghanistan had very favorable weather and an unusually large amount of winter snowfall, which resulted in ample availability of water for irrigated crops.

Wheat production reached a record-high 3.2 million tons, compared with 2.95 million tons in 1973. The Government is encouraging production by subsidizing prices for fertilizer and providing improved seed. As a result, wheat area increased from 5.8 million hectares in 1973 to 6.0 million in 1974. Fertilizer use on wheat also rose from 36,000 tons in 1973 to an estimated 42,000 tons in 1974. About one-third of the wheat area was planted to HYV in 1974.

Cotton, the main cash crop, gained 2,000 tons in 1974 over last year's production of 36,000 tons. Favorable cotton production factors included increased use of improved seed and fertilizer, and good weather conditions. The Government is currently taking further measures to expand cotton production, for export as well as domestic needs, by distributing additional quantities of fertilizer and improved seed on easy credit terms to cotton farmers.

Livestock raising engaged a large part of Afghanistan's rural population. Of the 21.8 million sheep, the most important livestock, about 6 million produce karakul. Goats number about 4 million and cattle, about 3.2 million. Livestock products, mostly

wool, hides, skins, casings, and karakul, provide about 30 percent of Afghanistan's total export earnings.

Agricultural Trade

In contrast to total exports, Afghanistan's agricultural exports in 1974 dropped 2.6 percent from the record \$115 million the previous year because of a short supply of karakul skins. As mentioned, during 1971 and 1972, many sheep were lost because of drought. As a result, karakul skin exports reached about \$12 million in 1974, compared with \$15 million in 1973.

Major buyers, the USSR and India, took about 53 percent of Afghanistan's total exports. The United Kingdom bought about 16 percent, and West Germany and the United States were also major buyers.

Afghanistan's agricultural imports during 1974, at \$84 million, dropped more than 5 percent from the previous year's level of \$88.6 million. During 1973, wheat made up a large portion of imports, due to drought conditions.

Japan, the USSR, India, the United Kingdom, West Germany, and the United States were the major suppliers of Afghanistan's imports of tea, sugar, textiles, farm machinery, and petroleum products. Japan, the USSR, and India together supplied almost two-thirds of such imports during 1974.

U.S. agricultural exports to Afghanistan declined from \$1.3 million in 1973 to \$908,000 in 1974. Due to a good wheat harvest, Afghanistan imported almost no U.S. wheat in 1974, a drop from 500,000 tons in 1973 to practically zero. In 1974, U.S. agricultural exports, mostly soybean oil and tallow, were valued at about \$550,000 and \$221,000, respectively. Other U.S. exports were corn, soybean milk blend, vegetable seeds, and dry milk.

U.S. agricultural imports, however, rose sharply from \$1.3 million in 1973 to almost \$2.9 million in 1974. Major items imported by the United States from Afghanistan were licorice root worth \$1.2 million and cashmere wool at \$494,000. Other items included karakul pelts, goatskins, and furskins.

Outlook

The outlook for agricultural production during 1975, especially for food grains, looks good. The Government has implemented policies toward increasing agricultural production. An improved fertilizer distribution system is expected to increase delivery to farmers by 20 to 30 percent. Distribution of improved seeds will also go up substantially. Wheat production in 1975, on both irrigated and dry land, looks normal; actual production will depend on rainfall during the first half of 1975. Foreign trade with the USSR and other Communist countries in 1975 may increase further due to recent trade agreements. (*Amjad H. Gill*)

AUSTRALIA

Population of 13.3 million with an annual growth rate of 1 percent, 8 percent rural—agriculture accounts for 7 percent of GNP—major agricultural products are wool, wheat, milk, and beef and veal—major agricultural exports are wool, wheat, beef and veal, and sugar—major agricultural imports are tobacco, fruits and vegetables, rubber, coffee, and tea.

Economic Situation

Though Australia's economy continued to do well in the fiscal year (FY) ending June 1974, serious problems have been encountered since then.

GNP increased 21 percent to \$51 billion in FY 1974¹; in real terms this amounted to 5.4 percent, compared with 3.6 percent in FY 1973. Farm income continued to increase—though at a decreasing rate since farm costs were beginning to rise—to a new record of \$4.4 billion in 1973/74. The increase in farm exports reflects the sharp sweep upward in agricultural commodity prices in 1973/74. Some of these price rises began to reverse in the latter part of the fiscal year, however.

Inflation has affected the cost of farm inputs in Australia. Prices paid by producers increased over 15 percent in 1973/74, compared with an 8-percent upturn the preceding year. Substantial increases occurred for wages, interest rates, fertilizer, and seed and roughage. Increasing prices for inputs and declining market prices for meats and wool caused a profit squeeze for some producers. Strikes occurred in all sectors of the workforce in 1974, including agriculture.

Agricultural Production

The overall value of agricultural production in 1974 increased 2.4 percent. The constant dollar value of crop output increased less than 1 percent, while the value of livestock production increased 3.3 percent.

Wheat production fell 3 percent as both area and yields decreased slightly in 1974. Output, fourth largest on record, reached 11.7 million tons. Due to adverse planting conditions and buoyant prices for competing commodities, the Government's efforts to encourage expanded plantings did not succeed. In fact, area declined slightly. One of these measures was an effective nullification of the production quota by its increase to 16 million tons. In addition, the first advance payment to farmers was maintained for the second year at the record level of \$58.64 per ton.

A new 5-year stabilization policy for wheat began with the 1974/75 crop. Intended to reduce Government payments to growers, it establishes a close tie between export prices and world demand. A new feature is a \$106 million limit on the level of the Government's financial commitment to growers over the 5-year period. The guaranteed export price increased 25 percent to \$97.74 per ton for the 1974/75 season, and the export quotas covered by this guaranteed price were eliminated. The responsibility for financing long-term credit sales to overseas buyers is being shifted from the grower to the Government.

Overall output of coarse grains increased in the 1974 crop year. The barley crop was the second largest ever harvested, rising 18 percent to 2.8 million tons; both area and yields increased. Output of oats at 1.1 million tons remained about the same; in many cases, oats sown for grazing were held over for grain production due to favorable pasture conditions. Corn production decreased for the third consecutive year, totaling only 108,000 tons. After falling last year, sorghum output rose 9 percent to 1.1 million tons during the 1974 crop year in response to favorable domestic and export prices. Favorable pasture conditions plus the availability of nearly 2 million tons of offgrade wheat from the 1973 crop reduced domestic demand for coarse grains for livestock feed in both 1973 and 1974.

Production of all meats decreased nearly 15 percent in 1973/74. Slaughterings have fallen sharply in response to declining prices for meat, at their lowest level in over a decade. As a result, cattle that would normally have gone for slaughter have been retained on cattle properties. Thus, cattle numbers and potential production have greatly increased, bringing the threat of even lower prices.

Beef and veal production remained at 1.3 million tons in 1974 after declining nearly 10 percent in 1973. Limited outlets and low prices have caused producers to withhold cattle from the market. After dropping 35 percent in 1973, mutton and lamb output increased only 13 percent in 1974 to 526,000 tons; thus, it remained far below former levels. High wool prices and low overseas demand for both mutton and lamb are responsible. Domestic consumption of some meats rose in 1974 as retail prices finally began declining along with export prices; consumption in 1973 had decreased sharply.

Wool production rose over 10 percent to nearly 780,000 tons in 1974, after declining in 1973 to the lowest level in 16 years. Sheep numbers increased in 1974 for the first time since 1970 as a sharp decline took place in adult sheep slaughterings. These reversals occurred in response to relatively high wool prices, very favorable pasture conditions, and reduced demand for mutton as beef prices fell.

The price of wool declined during the 1973/74 season, after increasing sharply the previous year. The

¹ Percentage changes are computed in terms of Australian currency since exchange rates fluctuate.

opening price for 21 micron wool in July 1973 was \$6.88/kg. clean. The ending price in June 1974 was \$4.45/kg. clean, a drop of 35 percent. Reduced economic growth rates in the major wool textile processing countries, especially Japan, caused the sharp drop in demand and the corresponding reduction in prices. Nevertheless, the average greasy auction price for wool in 1973/74 was \$2.68/kg, a decrease of only 1.4 percent from the previous year and the second highest since the boom year of 1950/51.

In September 1974, the Australian Wool Corporation (AWC), backed by the Government, established a floor price policy for wool. It is hoped that this price of \$3.73/kg. clean for 21 micron wool—regarded as a representative market indicator—will provide stability to the wool industry. However, low overseas demand has caused prices to continue dropping and the AWC has been the largest buyer of Australian wool. It now has large wool stocks and storage problems, and hopes to acquire greater supply management powers.

Sugar production in 1974 increased around 15 percent to 2.9 million tons as Australia attempted to take advantage of the high world sugar prices and to fulfill the many long-term bilateral contracts recently negotiated.

Agricultural Trade

Agricultural exports have been rising since 1970/71, reaching a record \$5.2 billion in 1973/74. Value increased 6 percent, although the export volume of many major commodities declined sharply. Agricultural exports represented 51 percent of total exports in 1973/74, down from 53 percent the preceding year. The value of total imports went up nearly 50 percent in 1973/74 to \$9 billion. Agricultural imports continued to represent approximately 6 percent of total Australian imports. The favorable trade balance declined 62 percent to \$1.2 billion in 1973/74.

Exports of wheat in 1973/74 totaled 5.3 million tons, a decrease of 5 percent from the previous year. Shipping delays during the last quarter of 1973/74 partly accounted for the reduced exports. Due to high prices, receipts for wheat exports nearly doubled to \$798 million. Wheat, Australia's third largest agricultural export earner in 1973/74, accounted for 15 percent of the total. Major destinations were Egypt, the PRC, Japan, and Chile. The PRC resumed its former position as the largest single outlet for Australian wheat, signing a 3-year agreement in 1974 for up to 4.7 million tons.

Due to the record-high prices, the average export return for wheat in 1973/74 reached \$163 per ton, more than double the previous year's returns and nearly double the guaranteed return of \$87.01. Thus, Australian producers were required to contribute to the Stabilization Fund for the first time since 1956/57.

The value of coarse grain exports in 1973/74 rose nearly 80 percent, while the volume increased only 14 percent. Japan remained the major destination. Barley

exports jumped 83 percent in value to \$104 million, while the volume edged up only 3 percent to 830,000 tons. This was less than half the record 1.8 million tons exported in 1971/72. Exports of oats climbed sharply, reflecting the buildup of farm stocks, high world prices for oats, and availability of offgrade wheat for feed. Though oat shipments at around 300,000 tons increased over those in 1972/73, they still remained considerably below the record level of 555,000 tons in 1970/71. Maize exports were negligible in 1973/74 due to the small crop. Sorghum exports—mostly to Japan—increased nearly 60 percent in value to a record \$83 million while going up only 5 percent in volume to 773,000 tons. This is the second highest export volume on record. Coarse grain prices began to fall in the beginning of 1974, after reaching record levels in the first half of the fiscal year.

Beef and veal exports in 1973/74 declined 15 percent in volume. The value decreased only 2.4 percent to \$942 million due to high prices the first half of the year. The virtual closing of two of Australia's major meat markets—the European Economic Community (EC) and Japan—has severely hurt Australia's livestock industry. The remaining major market, the United States, took reduced amounts at significantly lower prices in 1973/74. The United States bought 301,000 tons of beef, 6 percent less than in the preceding year. This share represented 61 percent of total Australian beef and veal exports, up from 55 percent in 1972/73. On a calendar year basis, the situation is worse. In 1974, total beef and veal exports decreased 43 percent to 340,000 tons. Those to the United States declined 26 percent to 240,000 tons in 1974; this drop nevertheless represented 71 percent of the total, compared with 54 percent in 1973.

Exports of mutton and lamb dropped 52 percent in 1973/74 to 91,200 tons. Sharp declines occurred in exports to North America, Japan, and the United Kingdom, and also to the Middle East, an increasingly important market for Australia. Japan and Canada were the largest customers for mutton. Lamb exports were under 20,000 tons.

Australia exports almost all the wool it produces, contributing 50 percent of the world's exports of raw wool. The volume of raw wool exports in 1973/74 declined 26 percent to 515,000 tons—the lowest since 1955/56—while the value increased 1 percent to \$1,678 million. Wool remained the largest export earner due to relatively high, although declining, prices. Japan and Western Europe are traditionally the largest purchasers of Australian wool. Extremely large purchases by Japan had pushed prices during the 1972/73 season to their highest level since 1951. However, the large stocks of yarn plus the depressed condition of the Japanese economy caused a decline of nearly 40 percent in wool purchases by Japan in 1973/74. Only the Soviet Union significantly increased its purchases, taking 59,000 tons, up 80 percent. Eastern Europe also bought more Australian wool in 1973/74.

Sugar is Australia's fourth largest export earner. However, both the volume and value of sugar exports decreased in 1973/74 due to the reduced 1973/74 crop. The major buyers were Japan, Canada, the United Kingdom, and the United States. Australia remains the world's third largest exporter of raw sugar, behind Cuba and Brazil.

U.S. agricultural exports to Australia increased to a record \$104 million in 1974, nearly double the level of 1973. Major exports and their share of total agricultural exports were: vegetable oils (14 percent); unmanufactured tobacco (26 percent); oilseeds (8 percent); and fruits, nuts, and vegetables (22 percent).

U.S. agricultural imports from Australia declined 15 percent to \$580 million in 1974. Meat remained the largest import, accounting for 63 percent of the total value. Imports of cane sugar went up sharply, accounting for 27 percent. Dairy products and wool are the other main commodity groups imported from Australia.

Outlook

The economic situation is forecast to deteriorate in the year ending June 1975. Farm income is expected to decrease significantly from the record level of 1973/74. Costs are continuing to rise, and prices of some commodities—especially meats and wool—remain low. The price of superphosphate fertilizer increased again in January 1975 when the \$16 per ton bounty ended. Farmers indicate that such an increase in the price of fertilizer will lower its use which would, in turn, reduce production. The sharp downturn in the agricultural economy has caused the Government to submit the bounty question to Australia's Industries Assistance Commission for a reappraisal.

The September 1974 devaluation of the Australian dollar plus strong world demand for grains and sugar will partly offset rising costs and low returns for meat and wool. Policies are geared to increasing production of the profitable commodities.

A small trade deficit is expected in 1974/75. Nevertheless, further growth should occur in the value of agricultural exports in 1974/75, mainly as a result of high prices for grains and sugar.

The value of U.S. agricultural exports to Australia is expected to increase in 1974/75. But the value of U.S. agricultural imports from Australia may drop as much as 30 percent. A sharp decline expected in imports of meats, cheese, and nonfat dry milk will not be offset by the projected increase in imports of cane sugar.

Australia's wheat delivery quotas have been abolished for the 1975/76 crop, and the first advance payment has been increased to \$73.30 per ton. These changes, plus falling prices for competing commodities, will undoubtedly cause an increase in wheat plantings and output in 1975/76. The removal of wheat quotas will give new growers, formerly excluded, access into the wheat industry.

Wheat exports in 1974/75 are estimated at 8.7 million tons. Wheat is expected to become the largest

export earner, bringing in an estimated \$1.6 million, or 28 percent of total agricultural export receipts. Growers are likely to be required to contribute to the Stabilization Fund again in 1974/75; wheat prices are expected to remain relatively high, although they have declined in recent months.

Production of coarse grains may decrease in 1975 because of the suspension of wheat quotas and the increase in the first advance payment for wheat. Coarse grain exports for 1974/75 are nevertheless expected to rise sharply. If the good pasture conditions continue, the need to use coarse grains for feed will remain at a low level. Unit returns to growers for coarse grains are expected to remain at the high levels of 1973/74. The volume of exports is expected to increase over 30 percent to nearly 2.5 million tons, and the value may be up 60 percent to \$300 million.

Total meat export receipts will probably decline 42 percent from the 1973/74 level to \$580 million in 1974/75. Export earnings set a record of \$1,066 million in 1972/73. Australia's export volume of beef and veal is expected to decline about 20 percent in 1974/75. Value will drop about 45 percent to around \$160 million due to low prices. A sale of 40,000 tons of beef to the Soviet Union occurred in February 1975, the first sale to that country since 1971.

The United States requested voluntary restraints in 1975 by meat exporting countries, including Australia, because it had found itself the only major market left open beginning in May 1974, and wanted to prevent a glut of meat imports. The EC import ban has been eased as of April 1, 1975: an import quota of 100,000 tons of beef from all sources has been set for the first year. European importers—including the United Kingdom—will be allowed to buy non-EC beef, but only if they export an equivalent amount from their stockpile. Japan announced on March 17 that it was reopening its market to imported beef. However, the initial purchase was for only 2,400 tons of beef for the Okinawa market; Australia's share is expected to be 2,000 tons, based on previous exports to Japan. Total beef imports by the EC and Japan in the coming year are not expected to resume their former levels, and the United States will remain the major market for beef.

Saleyard prices for beef began to drop sharply early in 1974 because of the fall in overseas demand for Australian beef. By January 1975, saleyard prices for cattle at 32.5 cents per kg. (liveweight) were the lowest in over 10 years, 74 percent below the peak prices of September 1973.

Cattle numbers are expected to continue to increase as slaughterings decline and cattle are retained on properties because of weak overseas demand. However, a sudden drought could force herd liquidation and bring real disaster to the livestock industry. A further 12-percent increase in the number of cattle—making it the largest herd in Australia's history—occurred in the year to March 1975.

Mutton and lamb production may remain about the same in 1975. Prices of both mutton and lamb continue to decline drastically. In November 1974, mutton prices were only 17.2 cents per kg. (liveweight), 72 percent lower than a year earlier. Lamb prices in December 1974 were 54 cents per kg. (liveweight), 57 percent lower than in December 1973. The Australian Bureau of Agricultural Economics estimates that because of low prices caused by weak world demand, the total value of mutton exports will drop nearly 20 percent to \$68 million in 1974/75, and the value of lamb exports will fall 26 percent to \$16.4 million.

Domestic consumption of meats in Australia is expected to increase sharply as retail prices continue to fall in 1974/75.

Wool production in 1975 should at least match, and could exceed, the 1974 production level. This would be especially likely if grazing conditions remain good and prices and demand for sheepmeats remain low. Wool export volume is expected to increase slightly from the

low level of 1973/74 but value will probably drop 30 percent to around \$1,037 million. Wool will thus lose its place as Australia's largest export earner. Purchases by the Australian Wool Corporation are continuing at a high level. Fears exist that 2 million bales could be stockpiled by the end of the season, thus exerting a further downward pressure on prices. Purchases by Japan are expected to pick up late in 1974, but they will probably not go back to former levels.

Several new bilateral agreements will give the Australian sugar industry greater stability, at least through the end of the 1970's. Japan, South Korea, Malaysia, Singapore, and New Zealand have all signed such contracts. The PRC has agreed in principle to sign a sugar agreement with Australia. A large portion of available supplies will thus be committed under these arrangements. U.S. sugar quotas ended December 31, 1974, and Australia hopes to increase its share of the U.S. market. Plans are to expand sugar output to meet the growing world demand. (*Diane B. Ellison*)

BANGLADESH

Population of 80 million with an annual growth rate of 2.7 percent, 88 percent rural—agriculture accounts for 55 percent of GDP—major agricultural products are rice, jute, and sugarcane—major agricultural export is jute—major agricultural imports are wheat, rice, tobacco, and cotton.

Economic Situation

Despite continuing serious problems, the economy of Bangladesh made considerable progress during 1974. GNP for 1974 rose 12 percent above 1973. Based on agriculture, the economy of Bangladesh is very sensitive to the fate of crops. The bumper harvests of 1973/74 assisted greatly in general economic growth. The rice component of GNP in 1974 was 18 percent above the previous year's and the component of all agriculture was 11 percent above 1973. Floods in late summer, perhaps the worst in 20 years, damaged standing crops but improved soil moisture. This greater moisture helped the growth of crops planted after the floods receded, particularly in peripheral areas. Overall damage to crops proved much less than originally estimated.

Nonetheless, many persons were displaced at least temporarily. Without food supplies or purchasing power, they required countrywide gratuitous feeding in "gruel" kitchens. These were closed in early December as the large year-end rice crop was harvested. The severity of the situation and the incidence of starvation have been the subject of considerable debate but at least no food riots were reported in the critical year-end period.

Monthly arrivals of imported food grains fell to relatively low levels during September and October

1974, requiring reduced Government grain distribution in the critical pre-harvest period. Imports planned for this period included foreign aid shipments which were delayed and commercial purchase arrangements that could not be financed at the time proposed for shipment. U.S. food grain shipments under P.L. 480 were among the aid sources delayed.

Bangladesh's foreign exchange reserves fell to minimal levels during the summer of 1974. Short-term debts contracted to finance grain imports during 1973 came due in 1974, and the purchasing power of aid received was greatly reduced by soaring prices for food grains, petroleum, fertilizer, cotton, and other commodities. In the second half of 1974, Bangladesh's foreign exchange reserves increased dramatically as many Moslem oil-exporting countries made large pledges of grants and loans to Bangladesh. Nevertheless, by December 1974, reserves had reached only \$120 million, enough to finance just 1½ months' imports.

Agricultural Production

Widespread flooding in Bangladesh damaged the unharvested *Aus* rice, which still remained in late August of 1974. Some of the early planted *Aman* rice crop and also some jute were damaged by rising water. However, considerable replanting of rice through mid-September after the waters receded restored much of the damaged area. The floods resulted in good soil moisture for the large *Aman* crop harvested in November-January, particularly in normally peripheral areas. This largely compensated for destruction in traditionally good rice areas. High soil moisture also benefited the April harvested *Boro* rice crop and other winter season crops.

Despite a serious explosion during 1974 which has stopped production indefinitely in Bangladesh's major urea plant, no serious shortages of fertilizer or fuel for irrigation pumps occurred during the year. Fertilizer consumption in 1974 was 373,000 tons, below target, but above 1973 use.

Rice production in 1974 was roughly equivalent to the previous year, about 12.3 million tons. Wheat production for 1974/75 was expected to be up 66 percent to 165,000 tons, from 109,000 tons in the previous year.

Jute production fell seriously in 1974/75 to only 828,000 tons, a 23-percent decline from 1973/74 production of 1.1 million tons. Bad weather during planting and low producers' prices for jute relative to rice resulted in a reduction in the area planted to jute and an increase in the rice area. A fall in jute production is especially foreboding for Bangladesh because jute and jute manufactures exports are its primary source of earned foreign exchange.

Tea, Bangladesh's second export, did better in 1974. Output increased 15 percent to a record 31,752 tons from 27,669 tons in 1973. Bangladesh also hopes to export some sugar in the near future. Sugarcane production in 1974/75 rose 7 percent to about 6.8 million tons.

Among Bangladesh's nonfood agricultural import commodities, domestic production of cotton was unchanged in 1974 at about 1,306 tons, but production of tobacco increased 4 percent to 41,600 tons.

Agricultural Trade

Bangladesh's primary export crop is jute. Official exports of raw jute in FY74 were 440,000 tons, down 13 percent from FY73 exports of 507,000 tons. Exports of jute manufactures, more important than raw jute exports, increased 6 percent in FY74 to 438,000 tons. Tea exports in FY74 increased 9 percent to 20,840 tons from 19,050 tons the previous year.

Food grain imports by Bangladesh during 1974 declined 26 percent to 1.76 million tons from 2.38 million tons in 1973. Such imports were not willingly reduced because of less need. The Bangladesh Government would have liked to import more, but high grain prices and scarce world supplies, plus a shortage of foreign exchange, finally resulted in the cancellation of large purchase contracts in mid-summer. Considerable food aid scheduled to arrive in 1974 also was delayed until early 1975. The bulk of food grain imports has traditionally been wheat because it is less expensive, but the very high rice prices of 1974 reduced Bangladesh's rice imports 73 percent from 177,000 tons in 1973 to only 92,000 tons last year.

Although rice production increased greatly in 1973/74, the increase did not reduce the Government's

food acquisition and distribution problems. Its attempt to procure domestic rice after the bumper crop of 1973/74 resulted in a total collection of only 67,000 tons out of a target of 400,000, because procurement was voluntary except in the border areas. The procurement price quickly fell below the free market rice price, dooming the program.

U.S. agricultural imports from Bangladesh in 1974, principally raw jute, totaled \$3.6 million, down 21 percent from 1973 imports worth \$4.6 million. U.S. agricultural exports to Bangladesh last year reached \$208 million, up 117 percent from 1973's \$97 million. Wheat exports to Bangladesh in 1974 of 825,250 tons valued at \$149 million, represented a 39-percent increase in volume and a 112-percent increase in value. No U.S. rice was exported to Bangladesh in 1974. Cotton exports also rose substantially in 1974 to 23,950 tons worth \$40.6 million, more than quadrupling the volume and an elevenfold increase in value over 1973 levels. Soybean and cottonseed oil worth \$13.2 million also were exported by the United States to Bangladesh in 1974.

Outlook

Economic growth in Bangladesh during 1975 will depend on continuing high levels of foreign aid and on agricultural production, which, in turn, depends heavily on the weather. Assuming adequate aid and normal weather, GNP is expected to grow 5-6 percent and agricultural output to expand 4 percent in 1975. Aid and loan pledges from Moslem oil-exporting countries allowed Bangladesh to begin 1975 with an improved foreign exchange reserve position.

Domestic rice procurement prices also are competitive with market prices for 1975. Procurement is now compulsory for all surplus producers countrywide. The army has apparently succeeded in stopping all large-scale smuggling and it has cordoned off urban markets to keep the market price for rice in surplus areas below the procurement price. Domestic rice procurement in 1975 should reach 200,000 tons. However, the good rice harvest in 1974/75 and successful domestic rice procurement will not alleviate the need for substantial food grain imports which probably will be at least 1.5-2.0 million tons in 1975.

Jute production and exports present a problematical situation for the Bangladesh Government. Exports must be maintained to provide foreign exchange. But the recently announced jute policy for 1975/76 does not provide for increased prices to producers. In fact, no price will be guaranteed, leaving the market to determine the return to producers. Possibly, jute prices will increase enough relative to rice prices to reduce the incentive for jute farmers to shift to rice, thus allowing revival of jute production to its 1973/74 level. (*Gene R. Hasba*)

BURMA

Population of 30 million with an annual growth rate of 2.2 percent, 69 percent rural—agriculture accounts for 37 percent of GDP—major agricultural products are rice and sugarcane—major agricultural export is rice and pulses—major agricultural imports are dairy products, wheat flour, and vegetable oils.

Economic Situation

Burma's economy in 1974 recovered somewhat from the depressed conditions of the previous year in which real GDP increased only 1 percent and per capita income declined. In 1974, real GDP rose 4 percent, largely due to growth in social and administrative services rather than industry, agriculture, or trade.

Burma had its eighth consecutive year of trade deficit in 1974. A very restrictive import policy during 1973 and most of 1974 narrowed the trade gap substantially. Together with foreign loans and grants, this policy resulted in a substantial increase in foreign exchange reserves during the first 8 months of 1974. However, because import restrictions had been hampering the economy, an economic stabilization program was established late last year and it includes a more liberal import policy which permits a greater volume of essential imports.

Price inflation, which worsened in Burma in 1973 after 25 years of relative price stability, continued during 1974. The Rangoon Consumer Price Index rose over 32 percent between mid-1973 and mid-1974. The finance of Government deficits required a 20-percent expansion of the money supply during the same period, contributing heavily to inflation. Shortages of rice and other food items, largely resulting from the Government's agricultural policies, and an inadequate food distribution system compounded inflationary pressures.

Agricultural Production

Following a disastrous crop year in 1972, during which agricultural output declined about 6 percent, agricultural production increased around 9 percent in 1973, largely due to excellent weather. Weather was less favorable during 1974; Burma's worst floods in 60 years in August 1974 damaged cotton crops seriously and rice to a lesser extent.

Rice production in 1974 declined 3.5 percent to 5.4 million tons from the good harvest of 5.6 million tons in 1973/74. The Burmese Government's efforts to encourage replanting of areas damaged by flooding appear to have been successful; and the monsoon rains continued an extra month, allowing good harvests in late-planted areas.

Burmese cotton production declined 15 percent in 1974 to 34,000 tons because of flood damage. But the extensive flooding did little damage in sugarcane areas; and production increased slightly in 1974 to almost 2.1 million tons.

Agricultural Trade

Traditionally, rice has accounted for almost half the value of all Burmese exports and the Burmese Government has been the sole exporter. But, following 1972, when almost 520,000 tons of rice and brokens were exported, the volume has been greatly reduced as the result of short crops and increased domestic consumption. Rice exports totaled only 153,000 tons in 1973. During 1974, they reached about 200,000 tons; however, their value more than tripled 1973 exports. Despite a far better rice harvest in 1973 than in 1972, Burmese rice exports did not improve commensurately in 1974 because the Government could increase its rice procurement only 23 percent above the very low level of the previous year. Most exports in 1974 were on government-to-government contracts; principal buyers included Indonesia, Sri Lanka, Mauritius, Bangladesh, and the Maldives.

U.S. agricultural imports from Burma in 1974 were negligible—only \$58,000. U.S. agricultural exports to Burma, valued at \$56,000 in 1974, climbed from the very low level of \$3,000 in 1973 but remained below the level of \$484,000 reached in 1972. Dried milk products were the principal items in 1972; their availability has been greatly reduced since 1973.

Outlook

Agricultural production in Burma has been virtually stagnant since the early 1960's. Total paddy area has remained relatively constant for a decade, but paddy area in lower Burma has actually declined 175,000 hectares since 1963. Paddy yields countrywide have remained stagnant for 12 years. Underlying this lack of change has been the system that fixes a low procurement price for many agricultural commodities relative to the price of consumer goods. Thus, farmers have been given little incentive to invest in agriculture or to work very hard in intensive cultivation.

Stagnant agricultural production and increasing population have progressively reduced agricultural surpluses, thereby reducing the national economy's benefit from agricultural exports. The volume of all Burmese exports in index terms declined 60 percent in the last 15 years. Consequently, the quantities of imported raw materials, machinery, and spare parts have been reduced, and, very recently, basic consumer goods imports also have been curtailed. Thus, stagnant

agriculture has doomed industrial production to stagnation too; in fact, industrial production (accounting for 10 percent of GDP) declined 3 percent per year in 1972-74. Declining agricultural surpluses have also reduced Government revenues. Eventually, curtailment of consumer goods imports and heavy deficit financing became necessary, fueling a serious price inflation; consumer goods grew scarce and expensive. Farmers, therefore, have become much less willing to yield the paddy the Government desires, when rice prices on the burgeoning black market are much more attractive.

The Government has increased procurement prices for this year, although not to black market levels; and it is offering consumer goods at controlled prices to farmers who meet their quotas. The Government hopes to procure adequate stocks to allow rice exports of as much as 600,000 tons in 1975. Rice procurement in the first 2 months of this year improved over last year, but nonetheless does not appear adequate to allow Government procurement and export goals to be met. Possibly 300,000 tons of rice could be exported. (*Gene R. Hasba*)

HONG KONG

Population of 4.4 million with an annual growth rate of 2 percent—agriculture accounts for 1 percent of GDP—major agricultural exports are vegetables, bakery products, and processed foods—major agricultural imports are cotton, livestock, rice, fruits, and vegetables.

Economic Situation

Recession in the United States and Europe has adversely affected Hong Kong's export-oriented economy. Following spectacular gains through 1973, total exports made a smaller rise in 1974. Imports increased more rapidly than exports, leaving Hong Kong with a less favorable balance of trade.

Unemployment increased by over 50,000 in late 1974 and immigration from the PRC fell sharply. Consumer prices rose over 12 percent last year; the food price component went up more than 10 percent. Real wages increased slightly.

The GDP at current prices went from \$5.5 billion in 1973 to about \$6.5 billion in 1974; current prices rose 18 percent and real per capita GDP increased 4 percent. Per capita income increased slightly in 1974 to about \$1,500.

The textile industry accounted for 46 percent of industrial employment in 1972, but in 1974 its share was down to 44 percent. Output of toys, plastic products, and watches remained strong. Increased exports of these items to the Middle East and Southeast Asia helped offset smaller exports to the United States.

The energy crisis affected export demand for textiles and other consumer goods. But it has a much smaller effect on the fuel situation in Hong Kong, since the PRC provided a reliable supply of petroleum at prices below those paid by many importing countries. Furthermore, only a small number of people in Hong Kong own automobiles.

Total imports from the PRC increased from about \$0.9 billion in 1973 to about \$1.2 billion in 1974, mostly because of larger imports of food and raw materials. Exports to the PRC remained below \$50

million, although a growing number of foreign diplomats on the way to Peking purchased supplies of consumer goods in Hong Kong.

Total U.S. exports to Hong Kong jumped from \$740 million in 1973 to \$882 million in 1974, and imports from this thriving trade center rose from \$1,450 million in 1973 to \$1,637 million in 1974. Thus, the U.S. trade deficit with Hong Kong increased from \$710 million in 1973 to \$755 million in 1974.

Total imports by Hong Kong exceeded \$6.6 billion in 1974; exports reached about \$4.5 billion. Income from services, investments by foreigners, and tourism helped Hong Kong maintain a favorable balance of payments, despite the \$2.1 billion trade deficit.

Agricultural Production

Farm families usually earn about 50 percent more than urban families. Crops and livestock produced on 12,000 hectares of cropland in 1974 were valued at about \$200 million.

Vegetable production continued to rise at the expense of rice in 1974. Vegetables were planted on about 12,000 acres in 1974—up from 10,400 acres last year and only 3,600 acres in 1960.

Local farmers supplied almost half the vegetables consumed in Hong Kong. They intensively cultivate small plots and specialize in high-quality crops of cabbage, lettuce, tomatoes and root crops that produce high-value products per unit of land. About 14 percent of the pigs and over half the poultry slaughtered in Hong Kong also come from local farmers.

Local fishers provided about 100,000 tons of fish in 1974. Food processing plants using fruits and vegetables from the PRC expanded in 1974.

Agricultural Trade

Imports of farm products increased from \$1.27 billion in 1973 to about \$1.52 billion in 1974, mostly because of higher values for cereals and sugar.

Rice imports in 1974 totaled 315,000 tons valued at about \$171 million, compared with 426,000 tons worth \$153 million in 1973. Imports from the PRC were

one-third less than the 220,600 tons received in 1973; arrivals from Thailand fell about 40 percent from the 103,600 tons recorded in 1973. Imports of U.S. rice made up less than 10 percent of the record 62,700 tons of rice received in 1973.

Regulations requiring 38 licensed companies to import a specified amount of rice each month had contributed to large purchases of U.S. rice in the summer of 1973, when the United States was the major source of world rice. But improved export availability by the PRC and Thailand caused Hong Kong importers to rely more on these suppliers in 1974. Some decrease in rice stocks apparently occurred during the tight situation in 1973. Also, higher prices for other foods pushed some families to increase rice consumption, since Government controls kept retail rice prices at a reasonable level.

Wheat imports decreased from 133,880 tons in 1973 worth \$15 million to about 130,000 tons in 1974 valued at \$28 million. The United States supplied about two-thirds of Hong Kong's wheat imports in 1974, compared with less than half in 1973. Wheat imports from Australia reached about half the 40,000 tons received in 1973, but 1974 imports from Canada doubled the 1973 level of 13,000 tons.

Agricultural imports from the PRC approximated \$600 million in 1974—almost double the 1972 level of \$309.4 million and about one-fourth above the 1973 value of \$458 million. This value increase in 1974 came entirely from higher prices, as quantity declined.

Value also rose for imports of livestock, meat, and fruits and vegetables from the PRC. Hong Kong leads Asia in importing oranges, apples, and pears; its two main suppliers are the PRC and the United States.

Hong Kong is the world's largest importer of live hogs—imports from the PRC alone totaled 2.4 million head in 1974. Imports of cattle from Southeast Asia and live poultry from the PRC also remained strong last year.

U.S. agricultural exports to Hong Kong reached a record \$184.6 million in 1974—almost triple the \$67.7 million recorded in 1972 and more than a fourth above 1973. U.S. cotton exports to Hong Kong almost doubled in 1974—reaching \$69.1 million, compared with \$36.7 million in 1973. A sharp reduction in imports of cotton and yarn from Pakistan in 1973 caused stocks held by Hong Kong textile factories to decline. These manufacturers were concerned about obtaining adequate

supplies of raw cotton, when fears of a growing shortage and higher prices for petroleum-based synthetics caused record prices for cotton in late 1973. A substantial decline in exports caused output of textiles to fall in late 1974. At the same time, U.S. exports of cotton to Hong Kong rose from 52,037 tons in 1973 to 62,270 tons in 1974; most of the shipments occurred in the early part of the year.

U.S. exports of fruits and vegetables to Hong Kong increased from \$30.7 million in 1973 to \$36.8 million in 1974, including \$17.9 million for oranges. U.S. apple exports to Hong Kong rose 80 percent in 1974, reaching \$3.3 million.

Shipments of frozen poultry to Hong Kong from the United States reached \$10 million in 1974, compared with \$6 million in 1973. Hong Kong market development activities also contributed to larger sales of U.S. fresh produce and canned foods. Exports of wheat flour to Hong Kong more than tripled in 1974 while shipments of bakery products almost doubled. U.S. exports of tobacco to this leading foreign market for American cigarettes doubled in 1974, reaching \$5.4 million. Ginseng and animal feed were each \$10 million items in U.S. shipments to Hong Kong last year.

U.S. imports of agricultural items from Hong Kong reached \$9 million in 1974, including many specialty items served by Chinese restaurants.

Outlook

A further shift from rice to vegetables is expected on Hong Kong's limited cropland in 1975. Food prices will likely rise slightly, following the sharp increase in 1974.

Sales of U.S. cotton and rice to Hong Kong in 1975 will probably remain below peak levels of the previous 2 years. Yet larger sales of fruits and vegetables, ginseng, meat, and tobacco should keep the value near the 1974 level.

Hong Kong's agricultural imports from the PRC are expected to increase faster in 1975 because it has been difficult to obtain supplies traditionally coming from Southeast Asia. Imports of preserved foods from Western Europe and Japan are not likely to increase because of the inflation squeeze consumers are suffering. (*John B. Parker, Jr.*)

Population of 624 million with an annual growth rate of 2.4 percent, 69 percent engaged in agriculture, providing 43 percent of the GDP—major agricultural products are rice, wheat, sugar and oilseeds—major agricultural exports are tea, peanut meal, tobacco and cashew kernels—major agricultural imports are wheat, vegetable oils, cotton, and sorghum.

Economic Situation

Inflation and shortages of food, fuel, and raw materials recently hampered India's economic progress, which made impressive gains during 1967-71. Fluctuations in national income have been caused by changes in crop production. Real national income declined about 1 percent in 1972 because drought reduced output of rice and coarse grains. Good weather and improved grain output contributed to a 3-percent rise in GNP in 1973 to about \$62 billion at current prices. Inadequate rainfall and smaller grain harvests in 1974 caused a 7-percent decline in agricultural production, and total real income declined by 3 percent. The extent of decline would have been greater, but higher income from textiles, heavy industries, commerce, and services partially offset the decline in agriculture.

The 1974/75 Government of India budget included expenditures of about \$12 billion, 14 percent above the previous year. A larger proportion of the population is seeking to work in cities or earn income from producing crops or handicrafts for sale. The literacy rate now approximates 30 percent, and new factories benefit from improved skills of laborers. The average family spent about 64 percent of its income on food in 1974. The average diet contained about 2,060 calories per day in 1974—about 100 less than the 1971 level.

Food grain prices jumped about 35 percent in 1974, compared with 23.4 percent in 1973, 14.6 percent in 1972, and 2.3 percent in 1971. The price index for cereals and pulses (based on 1961/62 as 100) reached a peak of 437 in September 1974, but the new harvest and large wheat imports caused it to drop to 409 in December.

Higher open-market prices for farm products have enabled farmers to pay higher fertilizer and labor costs. Expanding output of cash crops, particularly tea, tobacco, and cotton, has provided additional income in some rural areas. Higher sugar prices and the harvest of record crops in 1974 benefited India's farmers and increased exports. The priority once attached to self-sufficiency in food appears to have yielded to a more flexible policy of greater trade. India's total agricultural exports increased 34 percent in 1974 to a record \$1.4 billion.

Government losses on grain distribution to fair-price shops forced the Food Corporation of India to raise the issue price for wheat from \$120 to \$155 per ton in early 1974. Most of the fair-price shops in cities of western India depend on deliveries from grain procured in northern India or imports rather than from nearby farms. Government procurement shortfalls have meant limited supplies in these shops and, in turn, hardship for urban consumers in deficit states. Maharashtra, Gujarat, and Kerala must obtain more than one-third of their food supply from other states or from imports.

The two major producing states, Punjab and Haryana, produce about twice the quantity of food their population needs. These states again provided over 70 percent of the domestic wheat procured by the Food Corporation of India in 1974.

Government procurement of wheat declined from 4.5 million tons in 1973 to less than 2 million tons in 1974. Rice procurement during 1974/75 will be 1 million tons below the 3.8 million tons in 1973/74. Public distribution of cereals to fair-price shops now exceeds 1 million tons per month, and over half the supply is imported. Government stocks, which totaled a record 8.9 million tons in July 1972, have now fallen to less than 2.5 million tons.

High prices for farm products and keen interest in improving methods of production have maintained a strong demand for farm inputs. Long lists of farmers wishing to buy certain makes of tractors still exist today in India, despite higher fuel prices and domestic manufacture of over 25,000 tractors in 1974. Indian farmers now operate about 200,000 tractors. Very few of them use mechanical planters or cultivators with their tractors. Most intensive labor activities are done in traditional ways. However, tractors have enabled many farmers to practice more multiple cropping and to buy inputs or sell their crops at an opportune time.

Fertilizer use increased rapidly in the late 1960's as widespread use of improved varieties of wheat and rice on irrigated land boosted the demand for this key input. But the rate of growth in use declined considerably in the early 1970's; in 1974/75, the first actual decline in about 8 years might have occurred. Total fertilizer use in 1974/75 came very close to the 1973/74 level of 2,783,000 nutrient tons. Fertilizer imports during the 12-month period ending March 31, 1975 reached about 1.4 million nutrient tons, compared with 1.24 million nutrient tons during the previous 12-month period. India purchased about 300,000 tons of diammonium phosphate from the United States in late 1974 for about \$115 million and the supplies were shipped in early 1975. Purchases of other types of U.S. fertilizer valued at about \$50 million also occurred in 1974.

India's major trading partners in 1974 were the United States, Iran, the Soviet Union, Japan, and the European Community. Total U.S. exports to India

increased from \$527 million in 1973 to \$760 million in 1974, while U.S. imports from India rose from \$437 million to \$561 million—mainly in more textiles, shrimp, sugar, and jewelry.

Indian imports of petroleum and petroleum products went from \$460 million in 1973 to about \$1.3 billion in 1974; over 70 percent of the supply came from Iran. Part of the widening balance-of-payments gap with Iran will be met by Iranian investments in Indian fertilizer factories and iron ore mines. Iran has also rapidly increased purchases of Indian industrial products and sugar.

India's exports to the Soviet Union during 1970-74 were more than 20 percent above the value for imports from that country. India's agricultural exports to the Soviet Union reached \$300 million in 1974—triple the value of 1968. Leading agricultural exports to the Soviet Union in recent years included tea, cashew kernels, tobacco, peanuts and peanut meal, and hides and skins.

India's total exports increased from \$2.9 billion in 1973 to about \$3.8 billion in 1974. Exports of sugar, tea, tobacco, silver, naphtha, and jewelry gained importance. Total imports increased faster, however, rising from \$3.3 billion in 1973 to almost \$5 billion in 1974. Petroleum imports accounted for about half the increase while fertilizer imports more than tripled the \$205 million recorded in 1973.

Agricultural Production

Rainfall in India during 1974 was about one-fifth below normal and poorly distributed in both timing and area covered. Monsoon rainfall hit 70 percent below normal in Gujarat, while Bombay had floods in early July. Through increased use of irrigation and maintenance of substantial benefits from planting high-yielding varieties, farmers held the decline in 1974/75 grain production to 3 percent. Sharp hikes in fertilizer prices and adverse weather caused some reduction in fertilizer use for wheat and coarse grains. Many farmers in dry areas reduced their rate of fertilizer application on these cereals. Increased use of fertilizer on sugar, tobacco, and some other cash crops helped offset the decline in use on cereals.

Total food grain production (cereals and pulses) in 1974/75 is expected to reach 100 million tons—down from 103.6 million tons in 1973/74. Production of kharif cereals (grown in the summer and harvested in the autumn and winter) will be down about 7.8 million tons from the 1973/74 level of 65.4 million because of reductions in rice and coarse grains (table 5). If expected gains in output of wheat and pulses occur this spring in Haryana and Uttar Pradesh, rabi food grain production might reach 42 million tons. Per capita food grain production will probably fall to about 161 or 162 kilograms in 1974/75—about 15 percent below the 1970/71 level of 190 kilograms.

HYV seed was used on about 23 percent of the 104 million hectares planted to cereals in 1973/74—up from

only 1.3 million hectares of the 93 million hectares planted in all cereal varieties in 1966/67. HYV accounted for about 43 percent of total grain produced in 1973/74, compared with only 5.7 percent in 1966/67. Total area planted in high-yielding varieties of cereals probably remained about the same in 1974/75, but output declined more than 1 million tons. However, traditional varieties suffered a greater decline in area and production in 1974/75.

India's production of milled rice during 1974/75 is now estimated at about 39.5 million tons—down from a record 43.7 million tons in 1973/74. The area planted to rice dropped over 1 million hectares to about 36.9 million hectares in 1974/75, mainly because monsoon rainfall came late in June 1974. Inadequate rainfall in late August and September made the average yield for rice in 1974/75 decline, probably to about 1,070 kg. per hectare.

The area planted to high-yielding rice varieties reportedly increased from about 9.4 million hectares in 1973/74 to about 10 million hectares in 1974/75. However, the output received from HYV might have declined because of the setback in Tamil Nadu. HYV approximated 16 million tons in 1973/74 and slightly less in 1974/75. Tamil Nadu has more area planted in HYV rice than any other state—2.2 million hectares, or 80 percent of its rice area.

Sharp reductions in rice production occurred in Orissa, Gujarat, and Tamil Nadu. Slight declines have been indicated in Haryana, Punjab, Madhya Pradesh, and Uttar Pradesh. Heavy summer monsoon rainfall in major rice areas probably caused output in Maharashtra and Himachal Pradesh to rise during 1974/75.

Coarse grain production in 1974/75 could approximate 24 million tons—down from the 28 million tons harvested in 1973/74. Corn production remained near the 1973/74 level of 5.6 million tons because of gains in eastern India. Dry weather in western India caused a sharp reduction in bajra production—about 3 million tons below the 7.1 million tons harvested in 1973/74. Sorghum output this season might be about 1 million tons under the 1973/74 level of 8.9 million tons.

Prospects for the 1975 spring wheat harvest are slightly better than in 1974, when output fell 10 percent to only 22.1 million tons. Prospects for wheat yields are better within a 100-mile radius of Delhi, where good rainfall helped ease shortages of irrigation water.

HYV will continue to account for over two-thirds of total wheat production. Estimates for the area planted to high-yielding varieties during the last three seasons exceeded 10 million hectares. Apparently, adverse weather, rising prices for farm inputs and continued Government controls and marketing caused the plateau situation for HYV wheat. Despite below-normal rainfall during January-March 1975, good performance of HYV on irrigated land should cause an increase of about 15 percent in the total wheat harvest this spring.

Production of pulses in 1974/75 should be about 1 million tons above the 9.8 million tons harvested in

1973/74. Unusually cool winter weather crippled yields of chickpeas in 1974, but an increase of about 18 percent is expected in the spring of 1975 over the 4 million tons harvested last year.

Record crops of sugar, tea, tobacco, castor beans, spices, cassava, and bananas were harvested in 1974. Another cash crop, cotton, gained some in 1974 but it remained below the 1971 peak of 1.3 million tons. Coffee production fell only slightly below 1971 peak production. The good showing in output of export crops resulted from farmers' response to high world prices and greater use of fertilizer. While Government policies have recently encouraged production of export crops, certain controls remain on marketing of wheat and rice.

Peanut production declined 14 percent to about 5 million tons in 1974. Drought sharply reduced yields in Gujarat, but gains in some other states helped keep production higher than anticipated last September. Rapeseed production declined to 1.7 million tons in 1974 while output of castor beans, safflower, and soybeans increased considerably. Shifts to other crops and dry weather in June contributed to a drastic reduction in 1974 jute production to only 720,000 tons, compared with 1.1 million tons in 1973.

Drought did not seriously reduce vegetable production in 1974 because many farmers planted quick-maturing vegetables after good October rains on land where coarse grains had failed. Also, a large share of the vegetables are grown as a part of new multiple-cropping schemes on irrigated land near urban areas. Rising vegetable production near Bombay and Calcutta has resulted in a considerable shift away from rice within a 75-mile radius of these cities.

Some of the major vegetables in India with annual output of more than 1 million tons annually include onions, eggplant, melons, radishes, and tomatoes. Output of potatoes increased from 4.3 million tons in 1973 to 4.7 million tons in 1974. Potatoes have become a popular cash crop in northern India, where many new cold-storage facilities have provided improved marketing planning. Production of a record 6.5 million tons of cassava meant food for residents in some areas of southern India where the rice crop failed because of inadequate rainfall, particularly in Tamil Nadu.

Fruit production dropped slightly in 1974 from the record harvest of about 14 million tons in 1973. Mangoes account for about half the fruit output. Production of bananas neared 3.8 million tons in 1974. Output of grapes continued to rise, although frosts reduced apple output in Himachal Pradesh and Kashmir.

Milk output in 1974 remained nearly the same as 1973's level, about 24 million tons. Production of forage crops usually exceeds 90 million tons annually, mostly for use in raising cattle and sheep. About 4 million tons of oilcake are fed to animals in India each year.

Agricultural Trade

Total agricultural imports went from \$380 million in 1973 to slightly over \$1 billion in 1974; imports of

cereals alone rose from \$250 million to \$750 million. The \$1 billion excludes border trade with Nepal estimated at about \$100 million for imports of rice and other farm products which can be paid for with Indian rupees.

Increasing steadily since early 1973, total grain imports are expected to be around 6.5-7.2 million tons in 1974/75. Sorghum imports fell from 1.3 million tons in 1973 to 532,000 tons in 1974. Wheat imports in 1974/75 could reach 6 million tons, over 80 percent above the 3.65 million tons imported during 1973/74. During FY 1974, India received 1.74 million tons of wheat through the Soviet grain loan, including 956,000 tons from Black Sea ports and 790,000 tons transshipped from Australia and Canada. Imports from Canada through other arrangements totaled 150,000 tons during FY 1974, and direct purchases from Australia were 250,000 tons.

Imports of wheat from the United States reached 1.5 million tons in 1973/74—up from only 322,000 tons during 1972/73. Arrivals of U.S. wheat at Indian ports during July-December 1974 exceeded 1.8 million tons—as much as had arrived during the previous 24 months. A still bigger increase in arrivals of U.S. wheat is anticipated for the first half of 1975 when almost 3 million tons will be unloaded.

U.S. wheat shipments to India are expected to approximate 5.0 million tons in fiscal 1975—about triple the fiscal 1973 level at an expected value of nearly \$700 million. In October 1974, India bought some wheat for \$190 per ton in contrast to purchases made in February 1975 for \$148 per ton. Imports of U.S. sorghum declined from 807,000 tons in 1973 to 210,000 tons in 1974 while arrivals from Argentina fell from 493,000 tons to 442,000 tons.

Grain imports in the first half of 1975 reached such height that India's limited port unloading capacity became a major constraint. The completion of contracts with foreign firms to enlarge major ports and build new grain unloading facilities in smaller ports should alleviate the situation late this year.

Shipments of other agricultural commodities by the United States to India in fiscal 1975 are expected to range between \$150 million and \$200 million. Deliveries of bulgur wheat, various soybean-wheat flour mixtures and non-fat dry milk through Title II, P.L. 480 for distribution by relief agencies in India are estimated at \$67 million. Purchases of soybean oil, tallow, and some less important items used for India's manufacturing will account for most of the remainder. Foreign exchange limitations have prevented India's manufacturers of cooking oil and vanispati (a type of shortening) from importing adequate supplies of vegetable oils. U.S. tallow shipments reached a peak of 152,000 tons in 1971; current shipments are only about one-third of that level. U.S. exports of soybean oil to India also remain far below the peak shipments of 157,000 tons in 1971. Imports of rapeseed oil from Canada and palm oil from Malaysia have become more important in the last 2

years—but a large deficit in vegetable oil supplies remains—estimated by trade representatives in Bombay at 400,000 tons. The smaller peanut harvest in 1974 further aggravated the shortage since peanut oil usually accounts for over half the output of vegetable oils in India.

Bangladesh reduced deliveries of jute for Calcutta's factories in 1974. World prices for jute products increased about 20 percent in 1974, pushing the value of India's exports of these items over \$400 million.

India's cotton imports could exceed 70,000 tons in 1974/75, including about 35,000 tons from Pakistan. Egypt, Sudan, and the USSR will supply most of the remainder. Small imports are coming from the United States. In 1974, India exported, mostly to Bangladesh and Japan, about 22,000 tons of Deshi cotton, a short-staple product used for mattresses and padding.

Sugar exports increased from 248,000 tons in 1973 to 434,000 tons in 1974, but higher prices jumped the value from \$56 million to a record \$268 million. The Mideast became more important than the United States as a market for Indian sugar for the first time. In 1974, Iran took 120,690 tons of India's total exports of 433,535 tons; the United States, the second largest market, took 75,000 tons. Other growing markets in 1974 were Sudan, Indonesia, Jordan, Morocco, Egypt, and the Arabian Peninsula countries. India was scheduled to send 200,000 tons of crystal sugar to Iran in early 1975.

Tea exports increased around 25 percent in 1974 to about \$240 million, mainly due to higher prices. The United Kingdom, USSR, Iraq, and Iran were important markets last year.

Exports of peanut meal declined from 818,000 tons in 1973 to 703,000 tons in 1974. Higher prices increased the value of peanut meal a record \$155 million in 1973, and it remained within 20 percent of that level in 1974. Poland replaced Japan as the major export market, taking 148,000 tons. Shipments to the Soviet Union dropped 21 percent to 80,500 tons, while shipments to East European markets almost doubled. These partially offset drastic reductions in shipments to Japan and the EC, particularly West Germany and Italy.

Exports of decorticated cottonseed cake and meal declined from 243,700 tons in 1973 at \$36.5 million to only 136,000 tons in 1974 at about \$25 million. East European markets accounted for over 70 percent of the shipments during the last 2 years.

Because of higher world prices and a record crop in Andhra Pradesh, tobacco exports remained strong, rising to over \$100 million, compared with \$80 million in 1973. Shipments to the United Kingdom, Japan, and

some Mideast markets increased, while exports to the USSR stayed well below the record 1972 level.

Exports of cashew kernels fell slightly to 55,000 tons, but higher prices edged up the value. The United States and USSR took over 75 percent of this product. Indian imports of raw cashew nuts from Mozambique and Tanzania for shelling operations in Kerala declined in 1974. Thus, exports of cashew kernels in 1975 will probably slack off some since India imports about two-thirds of the cashew nuts processed by its shelling operations.

Exports of mango products topped \$3 million in 1974 because of larger sales in the EC, Mideast, and United States. Exports of fresh fruits and vegetables from western India to Mideastern markets doubled in 1974, while imports of fresh produce from Bangladesh for the Calcutta market increased sharply.

Outlook

Great efforts are now underway to provide adequate inputs for farmers so they can benefit from monsoon rainfall that should begin in June 1975. Larger supplies of fertilizer, both imported and domestic, are being distributed throughout rural areas. Also, over \$100 million worth of pesticides will be imported to protect the 1975 kharif crops. If adequate monsoon rains come during the summer of 1975 and total fertilizer use in 1975/76 reaches 3.3 million nutrient tons, planners hope yields will again reach peak levels. Food grain production in 1975/76 needs to reach 110 million tons if India is to stop the rising trend in grain imports. But total grain imports in 1975 are likely to fall in the 8-10 million ton range, even if monsoon rainfall is good this summer.

Foreign exchange constraints on food imports are now somewhat less than 3 years ago. For one reason, India's exports are considerably higher now, and expected to rise substantially in 1975 because of larger shipments of industrial products to the Mideast plus increased earnings from sugar and tea. Loans from the IMF Oil Facility Fund, the World Bank, Asian Development Bank, and other international financial entities have enabled India to keep foreign exchange reserves above \$1.2 billion. Also, expenditures for fertilizer imports in 1975 will be down sharply because of a buildup of stocks in 1974.

India's total imports could reach \$6 billion in 1975, with agricultural commodities accounting for over one-fourth, just behind petroleum, the most costly import. New offshore wells near Bombay should allow India to produce half its petroleum supply by 1977. (*John B. Parker, Jr.*)

Population of 133.4 million with an annual growth rate of 2.7 percent, 66 percent rural—agriculture accounts for 42 percent of GDP—major agricultural products are rice, rubber, cassava, corn, and tobacco—major agricultural exports are rubber, coffee, palm oil, tobacco, tea, and pepper—major agricultural imports are rice, wheat, and cotton.

Economic Situation

Despite a sharp setback in oil earnings near the end of the year, Indonesia's real GDP advanced about 7 percent during 1974. Substantial increases in the mining, industrial, banking, and trade sectors, plus a sharp upswing in the agricultural sector, paved the way for continued growth. Current per capita income is about \$150, sharply above the 1972 level because of inflation and increased oil earnings.

Net foreign exchange earnings were slightly above \$2.0 billion in 1974, mainly because of huge oil earnings during the first 9 months. Most non-oil exports experienced decreased earnings and the immediate future for oil earnings remains uncertain. High oil stocks in Japan must be reduced considerably before Indonesia's petroleum exports resume at the mid-1974 level. Higher than expected import costs and failure of some major project borrowings to materialize resulted in a further erosion of foreign exchange revenues.

Jakarta's cost-of-living index was 33 percent higher in December of 1974 than a year earlier; and most of the increase occurred in the first half of the year. Government measures to reduce the money supply, limit bank credits, raise bank deposit interest rates, and increase rice stocks were largely responsible for containing inflation during the latter part of the year.

Agricultural Production

With rice output showing a substantial gain for the second consecutive year, agricultural production rose about 6 percent during 1974. Among other major commodities, significant advances were recorded by corn, cassava, peanuts, soybeans, and palm oil, while the production of most other commodities hovered near the 1973 level.

Indonesia's fertilizer production capacity has now reached 525,000 tons of urea and 125,000 tons of ammonium sulphate with the opening of an additional fertilizer plant in August 1974. Fertilizer consumption during 1974 was estimated at 1.1 million tons of urea, 376,000 tons of triple-superphosphate and 100,000 tons of ammonium sulphate; large imports came from the United States, Japan, and Eastern and Western Europe. Using its rich oil and gas resources, Indonesia is construc-

ing three additional fertilizer plants to boost urea production to 2 million tons by 1978. If current plans are realized, Indonesia will be exporting urea to neighboring Asian countries by 1978.

Expansion of the BIMAS and INMAS intensification programs², coupled with favorable weather and adequate fertilizer supplies, enabled rice production to increase 7 percent during 1974 to 15.0 million tons. The output was sufficient to keep rice stocks at a high level of 800,000 to 1 million tons throughout the year and to reduce rice imports from 1.7 million tons in 1973 to just over 1.0 million tons during 1974.

In an effort to increase double cropping of rice and obtain higher yields, substantial investments have been made in rice irrigation programs. During FY 1975, nearly 290,000 hectares of irrigated area were scheduled for improvement, including 110,000 hectares for rehabilitation and 30,000 hectares for expanded irrigation. Also, simple irrigation facilities will be built on 150,000 hectares.

Corn production advanced about 10 percent during the year as area increased substantially and yields were slightly higher due to favorable growing conditions. Continued strong efforts by Japanese corn investors in South Sumatra and East Java, coupled with Government expansion of BIMAS corn area, have sharply increased total corn area in recent years.

Cassava and sweetpotatoes are Indonesia's major root crops. Strong export demand for cassava has spurred domestic production efforts, particularly in East Java. Cassava production had been sluggish during the late 1960's and early 1970's when rice production was being emphasized. Though cassava consumption continues to decline, the export market appears strong enough to encourage increased cassava planting. Cassava outturn climbed more than 5 percent to 9.9 million tons during 1974, while sweetpotato production—which is all consumed domestically—rose only marginally above the 1973 level.

The recent upsurge in palm oil production continued in 1974; output totaled 325,000 tons, more than 12 percent above the previous year's level. A new Government oil palm plantation in North Sumatra produced its first harvest in 1974 in an area exceeding 5,300 hectares. A similar operation consisting of 15,000 hectares is now being planted, which should ensure increased palm oil output in the future.

Production of peanuts and soybeans reached 521,000 tons and 498,000 tons, respectively, in 1974—an upturn of about 12 percent for each crop. Production of these two crops is being encouraged to meet export demand, and both crops are now included in the BIMAS intensification program.

² Government sponsored programs to increase production of basic food crops.

Among other major crops, sugar output rebounded sharply in 1974 to again exceed 1 million tons, but is still far below the production levels once achieved when sugar was the major export commodity. Copra and rubber output continued at about their 1973 levels, although the volume of rubber exports rose during 1974 while copra exports ceased because of the increased domestic demand.

Agricultural Trade

Indonesia's agricultural exports increased 15 percent to \$936 million in 1974, with rubber continuing to account for more than half the total. Rubber exports climbed 23 percent to \$484 million, despite a sharp drop in rubber prices. Palm oil exports showed the most rapid gain, advancing from \$72 million in 1973 to \$166 million last year. Exports of tea and coffee were also substantially larger in 1974. Copra cake exports continued to rise while the export ban on copra remained in effect.

Indonesia's agricultural imports slightly exceeded \$1 billion in 1974; rice, cotton, wheat, and sugar accounted for over 90 percent of the total. Rice imports alone reached \$482 million, or nearly half the value of total agricultural imports. Rice import volume declined to 1.0 million tons from the 1973 record of 1.7 million tons. Leading suppliers during 1974 were the People's Republic of China (262,600 tons); Thailand (131,000 tons); Japan (117,900 tons); and North Korea (115,000 tons). Pakistan, Burma, and Australia were other important rice suppliers.

Wheat imports also declined substantially during the year, falling from a high of 900,000 tons in 1973 to only 544,000 tons in 1974. High wheat stocks coupled with greater availability of rice caused the wheat import requirement to decline. Australia provided 346,000 tons of wheat while 102,000 tons came from Canada.

U.S. agricultural exports to Indonesia fell 46 percent to \$101.2 million during 1974, due principally to a sharp drop in U.S. wheat and rice sales. U.S. wheat exports to Indonesia had shown an uptrend for several years, reaching a total of 542,000 tons in 1973 valued at \$63.2 million. But in 1974, Indonesia not only reduced its total wheat purchases, but also shifted away from the

United States as a major supplier, causing U.S. wheat exports to plunge to only \$6.5 million. The 57,000-ton rice shipment was a delayed delivery from an earlier contract. U.S. cotton exports to Indonesia advanced to \$59.9 million, despite a drop in volume from 44,416 to 35,489 tons.

The value of all major U.S. agricultural imports from Indonesia rose in 1974, and all but palm oil rose in volume. Total U.S. agricultural imports climbed from \$224.2 million in 1973 to \$358.8 million last year. U.S. rubber imports jumped to \$213.7 million in 1974 from \$130.0 million the previous year, as rubber prices averaged higher for the year despite a sharp decline near the end of 1974. Coffee imports doubled to reach 56,000 tons valued at \$56.1 million. U.S. imports of Indonesian spices and palm and palm kernel oil showed a slight increase during 1974, reaching \$28.5 million and \$24.5 million, respectively.

Outlook

The lower inflation rate achieved during the last half of 1974 has continued in the early months of 1975. High rice and wheat stocks, coupled with excellent prospects for the 1975 rice crop, should keep food prices stable during the year.

Oil revenues should ensure continued strong growth for Indonesia's economy during 1975; the slight recent decline in oil prices will be more than offset by increased volume. Another large trade balance surplus is anticipated for 1975, although food imports will still be high. An expected reduction in rice imports may be offset by the resumption of higher wheat import levels.

In addition to an excellent rice crop which could reach 15.6 to 15.8 million tons in 1975, significant expansion is expected in corn, soybeans, and peanuts, all of which are now included in the BIMAS program. Excellent weather through March 1975 makes current prospects for all crops very good.

U.S. agricultural exports to Indonesia should rebound again in 1975, with a significant upswing expected in wheat sales. U.S. cotton sales should also increase. But prospects for rice sales during the year are dim because of the increased availability within Indonesia plus its preference for lower priced Asian rice imports. (*E. Wayne Denney*)

Population of 109.4 million with an annual growth rate of 1.2 percent, 22 percent rural—agriculture accounts for 6 percent of GNP—major agricultural products are rice, vegetables, livestock products, and oranges—major agricultural exports are fruits and vegetables—major agricultural imports are feed grains, sugar, soybeans, cotton, wheat, and wool.

Economic Situation

The Japanese economy slumped in 1974. Prices and nominal wages soared while output declined. Wholesale prices averaged 31 percent higher than in 1973, and retail prices rose 24 percent, including a 28-percent hike in food prices. Nominal wages were 26 percent higher; real wages increased 2 percent while real GNP fell nearly 2 percent. Private consumption expenditures increased slightly in real terms. For households, savings from disposable income went from 16.9 to 17.3 percent, as consumers braced for what they perceived to be hard times ahead. Unemployment at the end of 1974 was only 1.6 percent of the labor force, but this statistic does not reflect the pervasive underemployment created by less overtime, reduction in temporary employment, early retirements, and lowered bonus payments.

The balance of payments improved some in 1974. The overall deficit fell to \$6.8 billion, compared with \$10.1 billion in 1973. Though a merchandise trade surplus of \$1.7 billion existed in 1974, services and transfers put the current account in deficit by \$4.5 billion. As a result of short-term money flows, international monetary reserves increased about 10 percent in 1974 and they stood at \$13.5 billion at the end of the year.

In terms of the dollar, the purchasing power of the yen declined an average 6.7 percent last year. Put in reciprocal terms, U.S. goods and services cost 7.1 percent more for yen customers.

Agricultural Production

Agricultural output stagnated in 1974—a slight increase in livestock product output offset a small decline in crop production. Japanese agriculture has been at a crossroads for several years, reflected by the lack of significant change in aggregate output. Some Japanese have clearly favored increased self-sufficiency based on national security interests and on the political reality that the electoral system heavily favors the rural districts where the conservative power of the ruling Liberal Democratic Party is based. However, free trade advocates and others have favored concentrating Japan's productive efforts in areas where the comparative

advantages are greater, letting the agricultural sector (where the comparative costs are greater) decline. This dilemma faces Japanese agriculture today. Those who want increased self-sufficiency (less reliance on imports) have recently been able to buttress their arguments due to price instability in commodity markets and disruptions from both the supply and demand sides of commodity markets. Those who do not support agricultural development in Japan argue that food can be imported more cheaply than it can be produced in Japan; therefore national welfare would be enhanced by a decrease in agricultural self-sufficiency. Further, such self-sufficiency is neither obtainable nor currently anywhere near the official figure of 73 percent (in 1972) because all agricultural production depends on imported energy and livestock production depends on imported feed.

Area planted to rice increased 102,000 hectares in 1974 due to the termination of Government payments to divert rice land to fallow. Incentive payments to divert rice land to other crop production remained in effect and 285,000 hectares were involved, compared with 250,700 hectares in 1973. Had this land been planted to rice and yielded average quantities, rice production would have been 1.2 million tons greater than the 11.2 million tons actually harvested in 1974. The diverted riceland went into forage (67,000 hectares), vegetables (57,000 hectares), pulses (49,000 hectares), and miscellaneous longer maturing crops, including citrus and deciduous fruits and grapes.

Farmers received over \$800 per ton (\$36.65/cwt) for rice sold to the Government from the 1974 crop. This level of price support demonstrates the Government's firm conviction to keep farm income high as well as to maintain agricultural self-sufficiency in this important staple food. Rice provides over one-third of the daily caloric intake and one-fifth of the protein. The Government's Food Agency had authority to purchase up to 6.2 million tons of the 1974 crop at the support price. Government-owned 1974 crop rice is being resold to millers at 27 cents per pound. Retail prices for ordinary quality rice stood at 33 cents per pound at the end of 1974.

Other grain production, relatively insignificant in 1974, totaled only 516,000 tons, most of it wheat (232,000 tons) and barley (233,000 tons). Oilseed production is also relatively small: 233,000 tons in 1974 (soybeans—133,000 tons, peanuts—91,000 tons, and rapeseed—9,000 tons). Oil and meal output, mostly from imported oilseeds, declined 3 percent to 1.1 million tons and 3.2 million tons, respectively. Other crop production (fruits, vegetables, pulses, potatoes, sugarbeets, sugarcane, tobacco, and tea) fell nearly 3 percent in 1974.

Production of livestock products—up 5 percent in 1974—belies major problems in the livestock sector.

Large trading companies with vertically integrated broiler operations claim that they were not profitable in 1974. They have asked the Government to condone a cartel-type of action involving cutbacks in production. In addition, they have requested that a support price be established and that the Government buy broilers for the school lunch program. Broiler production did not decline in 1974, but increased nearly 4 percent to 730,000 tons reflecting some of the rigidities of large-scale operations. Only 13,800 households raised broilers as of February 1, 1974, compared with 658,000 households keeping layers.

Except for broiler and some hog operations, livestock production is generally extremely small-scale and in great difficulty because adequate financial resources are lacking to ride out the current cost-price squeeze. The number of farm households keeping dairy cattle decreased 13 percent in 1 year—to 178,600 on February 1, 1974. Each had 10 head on the average (in Hokkaido, the average holding was 20 head). Milk and egg production declined 1 percent in 1974. Pork output rose 12 percent in 1974 to 920,000 tons, protected by the trade barriers discussed in the "Agricultural Trade" section and stimulated by brood sow culling. But the number of households keeping hogs declined 9 percent in 1 year to 277,250 on February 1, 1974. Each had 29 hogs on the average.

Beef and veal output jumped 28 percent to 290,000 tons in 1974, largely as a result of increased slaughter of culled dairy cattle (up 34 percent) and calves (up nearly fourfold). The number of beef cattle slaughtered increased 7 percent, bringing total numbers slaughtered for beef and veal to 1.1 million. Yet the number of households keeping beef cattle dropped 9 percent in 1 year—to 532,200 as of February 1, 1974, averaging less than 4 per household.

Agricultural Trade

Agricultural imports declined more than 10 percent in volume in 1974. But their value at \$11 billion rose one-fourth from 1973. The U.S. share of dollar value in the world's largest agricultural import market edged up slightly to 36 percent in 1974 (nearly \$4 billion) from 34 percent a year earlier (nearly \$3 billion).

Japan exported 280,000 tons of rice in 1974, all on a concessional sales or grant basis—primarily to Indonesia (110,000 tons), the Philippines (69,000 tons), South Korea (49,000 tons), and Bangladesh (33,000 tons). Wheat imports in 1974 at 5.4 million tons came mostly from the United States (3.0 million tons), Canada (1.5 million tons), and Australia (830,000 tons). Wheat products and rice, though often a part of the same meal in the Western diet, are mutually exclusive in the Japanese diet. Increases in per capita wheat consumption in the past decade correlated closely with decreases in per capita rice consumption. Between 1973 and 1974, the rate of increase of wheat and decline of rice slowed down because wheat became more expensive relative to rice in 1974 than it had been in 1973. The Government

carefully engineers this price relationship, since self-sufficiency in rice for national security reasons makes sense only if rice continues to be the principal staple food in the diet.

Coarse grain imports reached a record-high 14.1 million tons in 1974, up 7 percent from 1973, despite a slight decline in formula feed production in 1974. This anomaly can be mostly explained by the surplus rice disposal program, under which 713,000 tons of old rice were used in formula feeds in 1973, compared with none in 1974. At the end of 1974, the average price for formula feed stood at \$253 per ton (ex-mill), a 12-month increase of 35 percent. Livestock product wholesale prices, however, climbed only 7 percent in the same period due to lower consumer demand. This cost-price squeeze led to less sow farrowings, heavier cow culling, and reduced chicken placements in 1974. The volume of imports of U.S. coarse grains declined 4 percent to 9.1 million tons in 1974. The U.S. market share fell to 64 percent from 72 percent in 1973 as Australia, Thailand, and Argentina increased their shares after poor crops had curtailed their shipments a year earlier.

Oilseed imports declined 11 percent to 4.5 million tons in 1974. Imports were largely soybeans (3.2 million tons), and rapeseed (672,000 tons). The United States supplied 90 percent of the soybeans and Canada supplied 80 percent of the rapeseed. The decline in imports resulted mostly from excess supplies due to panic buying in 1973, when the United States instituted temporary export controls. The lack of growth in demand for oil and meal is directly attributable to the economic slump and the cost-price squeeze for livestock producers.

Imports of meat declined sharply in 1974; and all purchases of imported beef were suspended in February that year. Total beef imports at 53,000 tons—less than half the amount of 1973—came from Australia (42,000 tons), the United States (8,000 tons), and New Zealand (3,000 tons). Beef imports are controlled by quantitative import restrictions (quotas) to protect Japanese cattle raisers. When the wholesale price of medium-grade domestic dairy steer carcasses falls below a set price—\$1.77 per pound in 1974—imports are curtailed or suspended altogether.

Pork imports dropped to 42,000 tons last year, one-third of the 1973 quantity, due to the effectiveness of the variable duty. Major suppliers in 1974 were Taiwan (16,000 tons), Canada (12,000 tons), and the United States (6,000 tons). The variable duty on pork imports is 10 percent ad valorem, or the difference between a Government-established (mid-point) price and the c.i.f. price of imported pork, whichever is greater. When the wholesale price rises above another Government-established price (a trigger or ceiling price), only the 10-percent ad valorem duty applies, and it may be waived. The Government-established floor price is the support price (table 6). In 1974, full duties applied. In April 1974-March 1975, the mid-point price for pork

Table 6--Japanese Government support prices
for agricultural commodities, 1974

Commodity	Unit <u>1/</u>	Support price
Rice <u>2/</u>	dollars/100 pounds:	36.65
Wheat <u>3/</u>	dollars/60 pounds :	12.22
Feed barley <u>4/</u>	dollars/48 pounds :	8.90
Malting barley	dollars/48 pounds :	7.20
Leaf tobacco, native	dollars/pound :	1.82
Leaf tobacco, flue-cured	dollars/pound :	1.83
Leaf tobacco, burley	dollars/pound :	1.60
Soybeans <u>4/</u>	dollars/60 pounds :	17.71
Rapeseed	dollars/50 pounds :	9.95
Sugarbeets <u>5/</u>	dollars/short ton :	45.36
Beet sugar, refined	cents/pound :	17.71
Cane sugar, raw, Kagoshima Prefecture ..	cents/pound :	19.06
Cane sugar, raw, Okinawa Prefecture ...	cents/pound :	17.40
Pork <u>6/</u>	dollars/100 pounds:	78.76
Butter	dollars/pound :	1.42
Milk for manufacturing	dollars/100 pounds:	10.88
Nonfat dry milk	cents/pound :	71.71
Sweetened condensed whole milk	cents/pound :	49.01
Sweetened condensed skimmed milk	cents/pound :	40.21
Eggs	cents/dozen :	65.71

Note: Support prices may differ substantially from average prices received by farmers. The latter prices were not available for comparison at the time of publication of this report. Crop support prices apply to crops harvested in 1974. Other prices generally apply April 1974-March 1975. Various other commodities have support prices which were not available. These include white and sweet potatoes for manufacturing starch, starch from these potatoes, sugarcane and glucose.

1/ Yen prices converted to U.S. dollars at 292 yen per dollar.

2/ Includes base price, incentive payment for production of designated superior varieties, and an inflation allowance. Brown basis.

3/ Includes a special incentive payment and a payment for entering into a contract with a miller.

4/ Includes a special incentive payment.

5/ Includes a special, one-time bonus payment.

6/ Skinned carcasses.

Table 7--Japan: Agricultural commodities
subject to quantitative import restrictions

Brussels tariff nomenclature	:	Item
	:	
02.01	:	Beef, fresh
04.01	:	Milk and cream, fresh
04.02	:	Milk and cream, processed
04.04	:	Cheese, processed
16.02	:	Beef and pork, prepared and preserved
	:	
08.02	:	Oranges and tangerines, fresh
08.11	:	Oranges, grapefruit, and tangerines, temporarily : preserved
20.05	:	Fruit puree and fruit paste
20.06	:	Canned pineapple, fruit pulp, and roasted peanuts
20.07	:	Fruit juice (except lemon juice), and tomato juice
21.04	:	Tomato ketchup, tomato sauce, and mixed seasonings
	:	
11.08	:	Starch and inulin
17.02	:	Grape and other sugars (except cane and beet sugar) rock : candy, syrup, caramel, and artificial honey
11.01	:	Wheat flour, rice flour, and other flours (except sorghum : flour)
11.02	:	Ground wheat, ground rice, and other ground cereals : (except ground sorghum)
	:	
07.05	:	Red beans, broad beans, peas, and other dried leguminous : vegetables
12.08-3	:	Tubers of <u>konnyaku</u> (devil's tongue)
21.07	:	Prepared foods containing added sugar, excluding peanut : butter, sweet corn, and Korean ginseng tea. Ice cream : powder prepared for infants and other preparations : mainly consisting of milk; food preparations of seaweed, : preparations of rice, wheat, and barley.

cuts was \$1.17 per pound, compared with 87 cents per pound in the previous 12-month period. The average c.i.f. price of imported pork (mostly cuts) was 99 cents per pound, and the average duty applied was 10.5 cents per pound, or 10.6 percent ad valorem.

Japan's cotton textile industry was one of the industries hit hardest by the recession in 1974. Drops in domestic and export demand left manufacturers with large stock buildups in cotton goods, cotton yarns, and raw cotton. No cotton has been produced in Japan since the 19th century, when U.S. cotton exports to Japan began. In 1974, imports of raw cotton reached 799,000 tons, of which 303,000 tons came from the United States.

Outlook

The official Japanese Government outlook for the economy in 1975 (April 1975-March 1976) suggests recovery in the latter part of the year. Real GNP is projected to increase 4.3 percent. An attempt will be made to hold down wholesale and retail price rises to 8 and 10 percent, respectively. A strong merchandise trade surplus of \$5.2 billion, a current account deficit of \$1.7 billion, and a basic balance deficit of \$3.9 billion are expected. The Government's efforts to fight inflation through restrictive fiscal and monetary policies were prolonged until deep into the recession because of the desire to forestall large wage increases in 1975. (Most wage contracts are renegotiated annually in April and May.) Recovery may, therefore, lag behind recovery in a number of other major industrial countries which switched to expansionary policies in late 1974 and early 1975.

Any gains in agricultural production in 1975 are likely to come only from rice, wheat, and forage. Rice production might increase slightly due to an anticipated increase in area. Incentive payments to divert to other crops will remain in effect but they have decreased relative to the support price for rice. Over the next decade, the Government anticipates that the per capita decline in rice consumption will be just offset by population growth. Based on this assumption, the Government hopes to gradually increase stocks out of the production gained from returning to rice production that portion of the 285,000 hectares that was diverted to annual crops.

Other grain production is expected to increase only slightly in 1975 to 533,000 tons. Oilseed output in 1975

will change little from 1974. Other crop production will probably continue to decline slightly.

Livestock product output may drop 5 percent in 1975, for all products. The already mentioned reduction in sow farrowings and chick placements, heavy cow and brood sow culling, and increased slaughter of calves in 1974 substantiate this forecast. If the number of households keeping a few head of cattle continues to decline rapidly, however, cattle slaughter may hold up another year before declining substantially.

No significant trade in rice is expected in 1975. The 1974 domestic output is equal to the domestic consumption expected in the rice marketing year following the 1974 harvest (November 1974-October 1975). It is unlikely that wheat imports will increase much in 1975; per capita wheat consumption may have reached its apex. The Government hopes to stem the increase in per capita wheat consumption and the decline in per capita rice consumption. It is taking action to implement that goal, such as proposing to reintroduce rice in the school lunch program in lieu of or in addition to bread. Measures of a more subtle nature involving the pricing policies of the Food Agency (which directly controls trade in food grains) could be even more effective in the implementation of such a goal.

Coarse grain imports may decrease as much as 10 percent or more in 1975 due to plans to cut back formula feed production. Even if the economy begins a recovery in late 1975 and if feed prices come down substantially this year, the response in terms of greater quantities demanded is not likely to emerge until 1976. Soybean imports may increase slightly in 1975, if recovery in the economy comes around midyear. Because soybean demand is tied more directly to consumer demand through oil and soy food products, the lag in response is not likely to be as great as for commodities destined almost exclusively for feed use.

Imports of beef and pork will probably pick up in 1975, if early price movements are taken as an indication. Beef imports may be switched to a variable duty system similar to that in effect for pork, which would facilitate imports of the higher quality beef for hotel and restaurant use. Cotton imports may fall in 1975 to 750,000 tons. High wage rates have diminished Japan's comparative advantage in cotton textile production, and the industry may be in a longrun decline, giving way to producers in South Korea, Hong Kong, Taiwan, and elsewhere. (*Bruce L. Greenshields*)

KHMER REPUBLIC (Cambodia)

Population of 8.0 million with an annual growth rate of 3.0 percent, 80 percent rural—agriculture accounts for 40 percent of GDP—rice, corn, and rubber are the major agricultural products and were the principal prewar agricultural exports—major agricultural import is rice.

Economic Situation

Hostilities continued to dominate all Khmer domestic affairs in 1974, as during the last 3 years. Virtually all sectors of the economy deteriorated steadily. By the second half of 1974, the annual rate of total Khmer economic output was estimated as only 30 percent of its prewar level. Total agricultural output reached less than half the prewar levels and rice production less than one-fourth of those levels. Internal communications frequently were interrupted and all main roads linking Phnom Penh with other vital sections were closed in much of 1974. The Government controlled no more than 20 percent of the country's land area; at least 1 million persons and perhaps one-fourth of the Khmer population were refugees at the end of 1974.

Total Khmer exports last year were less than 15 percent of prewar levels and they financed a much smaller percentage of total imports. Government budget deficits have grown geometrically since the war began and, together with declining supplies of most commodities, have resulted in raging price inflation. The money supply during 1974 was expanded at an annual rate of over 100 percent, twice the rate of the previous year. In the year ending October 1974, consumer prices rose 290 percent, with no indication that inflation was subsiding.

Agricultural Production

A reasonably accurate assessment of Khmer agricultural production is most difficult under current conditions. Widespread fighting since mid-1973 has resulted in mass migration from the countryside to urban areas, leaving much productive land unutilized; water control facilities, draft animals, and other productive farm assets have been damaged or destroyed.

Rice production averaged about 1.6 million tons in the late 1960's, allowing annual exports of 100,000-200,000 tons, but since 1971 the Khmer Republic has been a rice importer. Since 1971, the Government has lost control of the major surplus areas, including Kompong Cham, Kompong Thom, and Takeo; and in 1974, only Battambang remained in Government hands. But 1974 rice production from Battambang is not expected to allow shipments of rice to Phnom Penh during 1975. Total rice production for 1974 from

Government-controlled areas¹ has been officially estimated at only 400,000 tons, roughly the same as in 1973. However, this estimate may be optimistic because both heavy rains and a period of drought last year adversely affected standing crops in some areas. The contraction of rice area to less than one-fourth of prewar levels is, of course, the primary reason for the decline in rice production, but yields also have fallen.

Important causes of lower yields are the damage or destruction of farm machinery and water control facilities, shortages of seeds and fertilizer, and an unfavorable trend in the ratio of rice prices to the prices of fertilizer and pesticides.

No specific official production estimates for 1974 crops other than rice are available. However, output of most crops probably continued to decline.

Agricultural Trade

Before the war, Cambodia was an exporter of corn and a major exporter of rice. But in 1974, Khmer agricultural exports were minimal. U.S. agricultural imports were only \$582,000; natural rubber accounted for 98 percent.

Khmer rice imports during 1974 amounted to 302,000 tons, a 107-percent increase over 1973 rice imports of 146,000 tons. Under its P.L. 480 program, the United States is the major supplier to the Khmer Republic of agricultural products. U.S. agricultural exports were valued at over \$111 million in 1974, a 78-percent increase over 1973 exports of \$62.4 million and only \$12.1 million in 1972. Rice remained the predominant U.S. export to the Khmer Republic in 1974, totaling 213,000 tons worth \$54.1 million. This represents a 71-percent increase in volume and a 93-percent rise in value over 1973 levels. The United States also exported tobacco valued at \$1.3 million, a 156-percent increase. No U.S. cotton was exported to the Khmer Republic in 1974; \$3.9 million worth had been exported in 1973.

Outlook

In April 1975 the Government of the Khmer Republic fell to the insurgents. The new Government will face many problems, but the new policies relating to agriculture are not known. Peaceful conditions should facilitate increased agricultural activity, but dislocation of the population, distribution of infrastructure, and disruption of agricultural cultivation, industrial production, and marketing activities must be corrected. The outlook for the Khmer people and their economy and agriculture is very uncertain. (*Gene R. Hasba*)

³No information exists concerning agriculture outside these areas.

REPUBLIC OF KOREA

Population of 34.5 million with an annual growth rate of 2.0 percent, 43 percent rural—agriculture accounts for 18 percent of GDP—major agricultural products are rice, vegetables, barley, tobacco, and sweetpotatoes—major agricultural exports are silk, tobacco, ginseng, and vegetables—major agricultural imports are wheat, feed grains, sugar and cotton.

Economic Situation

Higher energy costs and business setbacks for the textile and plywood industries caused South Korea's GNP to grow at a slower pace in 1974. The 8.2-percent increase was only half the remarkable 16.5-percent growth in GNP (in real terms) in 1973. Excellent gains in 1974 rice and vegetable production enabled agricultural output to grow 3.6 percent. Strong gains in shipbuilding and construction (roads, fertilizer plants, urban housing) helped provide new jobs. Total employment went from 12.6 million in June 1973 to 13.1 million in June 1974. But manufacturing output increased about 15.7 percent in 1974, compared with a 30.4-percent gain in 1973.

Despite this, South Korea's total exports rose 47 percent—from \$3.2 billion in 1973 to \$4.7 billion in 1974. Marked gains occurred in exports of electrical machinery, industrial equipment, steel and some agricultural commodities. Exports of plywood, however, only reached about 60 percent of the record \$271 million recorded in 1973. Textile exports increased from \$1.2 billion in 1973 to \$1.5 billion in 1974, because of higher prices.

Total imports jumped from \$3.9 billion in 1973 to \$6.8 billion in 1974. Value of petroleum and petroleum products imports quadrupled—reaching \$1.2 billion. Higher prices for cereals, sugar, timber, pulp, and industrial equipment also boosted the import bill. Arrangements by South Korean firms to build roads and provide various services in Saudi Arabia provided some relief from the growing balance-of-payments problem. Loans for \$200 million were granted by international banks. U.S. financing through Title I of P.L. 480, CCC loans, and USAID commodity loans helped provide some assistance in imports of wheat and cotton. Imports of Mideast petroleum continued in 1974 at the 1973 volume; but in a rapidly growing economy, it meant conservation for many industries and for automobile users.

Per capita GNP reached \$513 in current prices—an increase of 38.6 percent over 1973. Food prices rose sharply. Wheat flour prices went up 60 percent in February 1974 and consumption fell in the following months as consumers switched heavily to rice. By September, a 30-percent increase in barley prices and a 38.5-percent boost for retail rice prices caused many shoppers to switch back to flour.

Agricultural Production

Rice production increased about 5.5 percent in 1974 to a record 4.44 million tons. The larger crop resulted mostly from higher yields—3.7 tons per hectare, a 4-percent rise. Area planted went up only 1.8 percent—to 1.2 million hectares. Rice already occupies almost half the nation's cropland during the summer.

Higher rice yields were attributed to an earlier planting date, improved care of feedbeds with vinyl covering, and excellent rainfall in May and June. The area planted in Tongil, a high-yielding variety, increased from 139,000 hectares in 1973 to 306,900 hectares in 1974, and it should reach 450,000 hectares in 1975. Output rose from 668,600 tons in 1973 to about 1.45 million tons in 1974.

Rice accounted for about one-third of the 884,000 nutrient tons of fertilizer used on crops in 1974. Total fertilizer use increased about 10 percent last year, despite a 30-percent price increase over the 1973 level. Fertilizer output will likely jump about 20 percent in 1975, but fertilizer prices for farmers rose around 65 percent on December 20, 1974. This move might affect the prospect of boosting rice production to 4.6 billion tons in 1975.

Barley production declined 4 percent in 1974 to 1.7 million tons. Poor snow cover and a dry spring reduced yields of barley and wheat. The downward drift in wheat production continued in 1974 as production fell to a 10-year low of 136,000 tons—5 percent below 1973. Corn production also fell 5 percent in 1974 to only 58,000 tons.

Favorable weather and the introduction of new varieties pushed soybean production to a record 318,600 tons in 1974. Many South Koreans use soybeans as a green vegetable.

Vegetable production (excluding potatoes) increased about 10 percent to a record 2.9 million tons in 1974. South Koreans grow a wide range of vegetables, including about 1 million tons of cabbage and 1 million tons of radishes. Production of watermelons, onions, carrots, cucumbers, and spinach has more than doubled since 1966. Mushroom production remained about the same in 1974 as in 1973—27,000 tons. Many villages specialize in producing and processing mushrooms for export.

Grape production scored a fivefold increase in the last decade, and output of apples and peaches doubled. Hilly areas not suited for rice cultivation can be effectively utilized for orchards or grazing.

Recent imports of breeding cattle have provided dairies with more high milk-producing cows. Cattle numbers increased about 26 percent in 1974 to a record 1.8 million, including 62,000 dairy cattle. Pig numbers jumped 67 percent to 2.2 million in June 1974. But poultry numbers in June 1974 fell to 25 million—down 14 percent from a year earlier.

Tobacco production fell about 5.5 percent last year to 104,700 tons. Burley production declined more than did flue-cured tobacco.

Use of higher yielding mulberry trees enabled South Koreans to boost silk output 20 percent in 1974 to 37,000 tons. Silk, tobacco, and ginseng are three products with high labor requirements—ideal for South Korean conditions, where labor is available but good land is relatively scarce.

Foreign exchange advantages from importing barley to blend with rice declined toward the end of 1974, since coarse grain prices remained high and rice prices fell. At the start of 1975, rice prices were almost double those for barley, but in 1974 the ratio had reached 2.6 to 1. Restaurants and rice mills provide a blend of 70 percent rice and 30 percent barley, according to Government regulations.

Agricultural Trade

Efficient utilization of imported raw materials has been a key to South Korea's rapid economic growth and adequate food supplies. Agricultural imports exceeded \$1 billion for the first time in 1974; the United States supplied about three-fourths of the total. Significant imports from other suppliers included sugar and wool from Australia, rubber from Malaysia, rice from Japan, tobacco from Yugoslavia, and corn from Thailand. Total agricultural exports equaled about one-fourth the value of agricultural imports.

U.S. agricultural exports to South Korea increased from \$635 million in 1973 to a record \$743 million in 1974, making it the seventh largest U.S. foreign market. Changes in value for exports of some major items from 1973 to 1974 included: wheat, down \$15 million; cotton, up \$36 million; rice, up \$26 million; barley, up \$29 million; and tallow, up \$14 million.

U.S. exports of cotton to South Korea declined from 156,000 tons in 1973 to 132,000 tons in 1974, but the value increased from \$111.8 million to \$148.4 million. Some South Korean textile manufacturers bought U.S. cotton in 1973 at prices substantially higher in late 1974. However, some South Korean buyers failed to open letters of credit against existing contracts for high-priced cotton, seeking to replace them with new contracts at lower prices.

Rice imports in 1974 totaled 311,000 tons, 220,000 tons from the United States and the rest from Japan—at an average price of \$514 per ton. Japanese rice had been ordered in 1973 but shipment was delayed until 1974. Barley imports declined slightly from 500,000 tons in 1973 to 475,000 tons in 1974—410,000 tons from the United States and the rest from Australia.

U.S. rice exports to South Korea reached 566,000 tons in 1972 but declined to 328,000 tons in 1973. No U.S. rice was shipped to South Korea from July 1973 through May 1974. During June-December 1974, the United States sent 250,000 tons of rice. All rice sales to South Korea during 1974 were made for cash, while

most of the exports during earlier years have been financed through P.L. 480. Arrangements have been made to provide financing for 131,000 tons of rice for South Korea through Title I, P.L. 480 long-term dollar credit in 1975. In addition, cash purchases for 1975 delivery already exceed 200,000 tons.

Despite a larger rice crop in 1974, South Korea's need for U.S. rice this year will go up because of rising consumer demand, low Government stocks, and dwindling arrivals of Japanese rice.

High prices for wheat caused South Korea to reduce accumulated stocks and delay imports. Wheat imports declined from 1.8 million tons in 1973 to about 1.4 million tons in 1974. Yet wheat flour sales reached a peak of 200,000 tons in December 1974, partly because consumers decided to increase household stocks before prices went up. U.S. wheat exports in 1974 fell 36 percent to 1.3 million tons.

Corn imports dropped 23 percent in 1974 to 439,000 tons, including 391,000 tons from the United States and 41,000 tons from Thailand.

Imports of various raw materials used by factories increased, including cattle hides, tallow, tobacco, rubber, and wool. South Korea became a small market for U.S. tobacco recently because of new plans to manufacture high-quality blended cigarettes containing U.S. leaf.

Tobacco was the biggest gainer of South Korea's agricultural exports that increased in 1974; 41,000 tons were exported for \$45.4 million—double the 1973 level. South Korean tobacco exports to the United Kingdom, Hong Kong, the United States, and Australia have increased in recent years.

Silk remained South Korea's top agricultural export, however, providing \$98 million in foreign exchange last year. Most of the silk exports go to Japan. Some other important agricultural exports in 1974 included (in millions of dollars) mushrooms, 20; ginseng, 24; and pork, 9.

Outlook

Continued gains in heavy industry, particularly shipbuilding and steel, should provide further growth in South Korean exports this year. Imports will be held to \$7.2 billion in 1975, unless foreign suppliers offer commodities for sale on generous terms not requiring immediate payment in foreign exchange. An increase in U.S. shipments under P.L. 480 for rice and wheat will help relieve South Korea's balance-of-payments problem.

U.S. agricultural exports to South Korea are expected to reach \$900 million in 1975. Lower prices for wheat, rice, corn, barley, and cotton will enable South Korean buyers to get more for their money from U.S. suppliers. U.S. wheat exports to South Korea are expected to rebound, reaching 1.8 million tons; and rice exports are now moving at a rate of over 400,000 tons annually.

Activities in the South Korean textile industry have a strong impact on U.S. cotton prices. Expanding sales of

South Korean textiles and clothes in Mideastern markets have partially offset smaller exports to North America

and Europe, but stocks have accumulated. (*John B. Parker, Jr.*)

LAOS

Population of 3.3 million with an annual growth rate of 2.5 percent, 90 percent rural—major agricultural export is timber—major agricultural imports are rice, wheat, and vegetable oils.

Economic Situation

The Provisional Government of National Union, a coalition government of the Royal Lao Government and the Lao Patriotic Front, took power, at least nominally, in April 1974. It announced long-run objectives, including strong emphasis on expansion of agricultural production and exports. However, in actuality, economic and political division continues to a significant degree; the fruits of coalition government and relative peace will require time to materialize.

Economic troubles continued for Laos in 1974. Little is known of economic affairs in the former Lao Patriotic Front zones. However, continuing budget deficits in the former Royal Lao zone required a 30-percent increase in the money supply in only the first 7 months of 1974. During 1973, the supply increased just 9 percent. Price inflation, 40 percent in 1973, accelerated to an annual rate of 50 percent during the first 10 months of 1974. The Laotian trade balance improved in 1974, but foreign aid inflows were necessary to maintain a positive balance of payments. Exports in the first half of 1974 increased to an annual rate over 2½ times the level of the previous year. They were adequate to finance 25 percent of 1974's total imports; 1973's exports could finance only 10 percent. The improvement in Laotian export performance, a 271-percent increase in the annual value of exports in 2 years, has been due totally to a rapid increase in timber exports, following the provision of a uniform subsidy and variable tax rates in March 1973.

Agricultural Production

Late monsoon rains in the Vientiane area and floods in southern areas reportedly reduced 1974 rice production considerably in areas formerly controlled by the Royal Lao Government, despite an increase in planted acreage. Though precise figures are not yet available, early estimates placed the 1974 harvests of field crops other than rice above the levels of 1973 in former Royal Lao areas. Corn output was up marginally to 27,000 tons. Timber production may have increased 44 percent in 1974 to 190,000 cubic feet.

Little specific information is known about crop production in areas controlled by the Lao Patriotic Front. However, good weather and relatively peaceful conditions are believed to have considerably increased

crops in 1974, some by as much as perhaps 30 percent above output in 1973.

Agricultural Trade

The principal Laotian export, timber, was valued at \$7.4 million for January-November 1974. Laos also exports some coffee, of which the United States is the principal recipient. The major Laotian import is rice. The excellent harvest of 1973/74 did not prove adequate to alleviate the need for rice imports during 1974, as originally hoped. Inefficient redistribution of rice from surplus areas in the south to deficit areas near Vientiane is perhaps the cause. Rice imports into the former Royal Laotian area during 1974 were 76,000 tons, down 28 percent from the level of the previous year. Essentially all rice imports into Laos are glutinous varieties from northeast Thailand.

The value of U.S. agricultural imports from Laos collapsed to virtually nothing in 1974 from \$135,000 in 1973, when coffee was the principal item. U.S. agricultural exports to Laos also declined 30 percent in 1974 to \$2.5 million, from \$3.6 million in 1973. The principal commodities remained wheat flour and cornmeal.

Outlook

Relatively peaceful conditions should stimulate both the general economy of Laos and its agricultural sector, although fundamental budget problems and balance-of-payments difficulties will continue. The need for foreign aid, of which the United States has provided at least 60 percent, will remain high.

High rice prices in 1975 should provide incentive for farmers to increase production; rice prices in early 1975, following the recent harvest, rose 80 percent above prices a year earlier, whereas consumer prices went up 55 percent. However, weather will remain the foremost determinant of crop production. Good weather during 1975 should allow increased production of all crops, particularly rice. Nevertheless, rice imports will rise considerably in 1975 because of the estimated decline in 1974 rice production.

The new Government intends to encourage agricultural production and exports. In addition to expansion of rice output, Government programs also include diversification programs to increase production of other crops; animal feeds, vegetables, and cattle and poultry to reduce imports, and increased coffee production to increase exports. New plans to control and stimulate timber exports also are being implemented. The next few years should show some effect from these programs. (*Gene R. Hasba*)

Population of 10.7 million with an annual growth rate of 2.6 percent, 50 percent rural-agricultural accounts for 32 percent of GDP—major agricultural products are rubber, rice, and palm oil—major agricultural exports are rubber and palm oil—major agricultural imports are wheat, rice, sugar, and tobacco.

Economic Situation

Despite worldwide inflation which hampered growth of its export sector, Malaysia's real GNP advanced about 6 percent during 1974. Consumer prices rose at an annual rate of 18 percent, the same as in 1973. The thrust of real growth in 1974 did not come primarily from the export sector as it had in 1973 but also from strong advances in the construction and manufacturing sectors. In 1974, exports grew 30 percent after soaring 50 percent in 1973. Timber and rubber, which led the export climb in 1973, were equally prompt in reflecting the impact of recession in the industrial countries. Although rubber prices plummeted during the year, the average export price was actually higher in 1974 than in the previous year. Thus, value of rubber exports advanced about 15 percent. Log and timber export values were both lower in 1974. The resiliency of the export sector can be attributed to favorable prices for palm oil, tin, and petroleum.

High import prices primarily caused the 50-percent rise in import value during 1974. Value of imports during the previous year had risen about 30 percent. A balance-of-payments surplus of about \$45 million was registered for 1974, compared with nearly three times that amount in 1973. Malaysia's foreign exchange reserves on January 1, 1975 were sufficient to finance imports for at least 5 months at prevailing prices.

Agricultural Production

Smallholder agricultural production accounted for 55 percent of total agricultural output in 1974, compared with 39 percent a decade ago. Its share is expected to rise to 70 percent by 1977. Various Government-sponsored development programs for smallholders have primarily helped expand rice, rubber, and palm oil output, but they have also had a positive effect on the production of secondary crops. Malaysia's total agricultural production increased 3 percent in 1974. A substantial gain in palm oil and kernel output and a smaller gain in rice more than offset the slight downturn in rubber production.

West Malaysia's rice output of 1.14 million tons was only marginally higher than the 1973 crop. With the completion of the major rice-growing schemes in 1974, area expansion is no longer a major contributing factor

to Malaysia's quest for rice self-sufficiency. The availability of natural rice lands has sharply diminished in West Malaysia, and plans are being made to expand rice output in the East Malaysian state of Sarawak. Until new irrigation programs are implemented, increased rice output will come principally through higher yields.

In an effort to stabilize rice prices throughout the country, the Government introduced a series of price control measures in May 1974. Ceiling rice prices to producers were fixed according to 6 zones and 16 varieties, to cover all types of rice traded in Malaysia. In fixing the prices, several factors were considered, including production, transport and labor costs, rent of godowns, insurance, and a reasonable profit margin for traders. Length of rice and percentage of broken were also factors.

To encourage rice production, the Government exempted nitrogenous fertilizer from import duties and implemented a urea subsidy scheme aimed at maintaining a farm-gate price of \$4.50 (\$10 Malaysian) per 44-pound bag.

Production of palm oil in 1974 continued its strong upward climb, advancing 17 percent over the 1973 crop to reach 864,000 tons. Yields were substantially higher during 1974; oil palm area increased only 7 percent. Government-controlled smallholder schemes accounted for about 18 percent of total production in 1974 but 32 percent of total planted area. Much of this consists of young, immature trees that will provide most of Malaysia's increase in palm oil output through 1978. Although Government participation in palm oil production has in recent years become a major feature in the oil palm industry, the estate sector still accounts for 40 percent of total production.

Palm kernel production rose nearly 13 percent in 1974. Processing of palm kernels from both domestic production and imports has resulted in rapidly rising palm kernel oil exports since 1970.

Unlike palm kernel oil, which is almost all exported as refined oil, over 90 percent of Malaysia's palm oil is exported in crude form. The remainder is refined locally for domestic consumption. A total of 27 refining mills have been approved under investment incentive schemes, and 7, with a total refining capacity of 95,000 tons annually, have begun operation. Most of the importers prefer to buy palm oil in crude form, since higher import tariffs are imposed on refined palm oil in the importing countries. There are also technical problems involved in shipping refined oil.

Rubber production in 1974 nearly reached the record 1973 output. A return to more normal rubber prices probably reduced tapping intensities as rubber area continued to rise. Most of the increase in acreage stems from increasing smallholders' area, principally through Government-sponsored programs. Rubber output should expand between 5 and 8 percent annually through 1980.

Malaysia's coconut output totaled only 109,000 tons in 1974, a 35-percent downturn since 1971. Attempts are being made to arrest further declines by rehabilitating and replanting a minimum of 10,000 acres per year.

Agricultural Trade

Exports outpaced imports in 1974, resulting in a small trade balance surplus during the year. Petroleum grew the most rapidly among major exports, more than doubling from the previous year's level. Consumer manufactures also showed stronger export growth in 1974.

Nearly all categories of imports rose faster in 1974 than in 1973. There was a sharp increase in food imports but purchases of machinery and other manufactures recorded the biggest gains.

U.S. agricultural exports to Malaysia enjoyed their best year in 1974, catapulting 74 percent to \$36.4 million. Tobacco remained the most important item, valued at \$15.8 million, but U.S. cotton exports also rose considerably to \$10.9 million. The only other major agricultural export was wheat, valued at \$3.3 million. Although price rises were significant, each of the three

leading export items also posted significant quantity gains during the year.

The value of U.S. agricultural imports from Malaysia, which has risen 150 percent in the last 2 years, reached \$279.1 million in 1974. A sizable increase occurred in U.S. rubber imports, worth \$179.2 million despite a slight decline in volume imported. U.S. palm oil and palm kernel oil imports rose sharply to reach \$64.3 million and \$20.6 million, respectively. Other significant imports included spices, pineapple, and coffee.

Outlook

International economic problems are expected to adversely affect Malaysia's export sector again in 1975. The Government has projected real growth at 5 percent for the year. Although the country cannot insulate itself against world problems, the Government is implementing measures to protect the economy, concentrating on increasing food production and limiting exports of major commodities such as crude rubber and timber logs. These items will be exported in a more processed form in the future to help offset low world prices for the primary products. (E. Wayne Denney)

NEPAL

Population of 12.0 million with an annual growth rate of 2.1 percent, 93 percent rural—agriculture accounts for 70 percent of GDP—major agricultural products are rice, corn, and wheat—major agricultural exports are rice, wheat and jute and jute products—major agricultural imports are sugar, tobacco, and cotton.

Economic Situation

Nepal's real GDP rose an estimated 8 percent in 1974, in contrast to the previous year when it increased about 3 percent. The gain came largely from a sharp recovery of agricultural production after 3 years of unfavorable weather and poor crops. The growth rate in industrial and other sectors of the economy remained low.

Due to substantial price increases for exports and imports, Nepal's total trade increased sharply from \$126 million in 1973 to \$153 million in 1974.

Tourism is rapidly becoming a major industry and an important foreign exchange earner. A total of 75,000 tourists visited Nepal in 1974, an increase of more than 10 percent over the previous year's 68,000.

Agricultural Production

Nepal's total agricultural production jumped 10.5 percent in 1974, largely because of good weather conditions. Total food grains increased 12.3 percent but

cash crops advanced only 2 percent last year. Rice production, which accounts for about 60 percent of total grain production, rose more than 19 percent in 1974 to 1.60 million tons. Production in 1973 was 1.33 million tons and 1972's was 1.57 million tons. During 1974, the Government gave incentives to rice growers by increasing rice procurement prices and subsidizing inputs. As a result, rice area increased from 1.14 million hectares in 1973 to 1.23 million hectares in 1974. Yields went from 1,166 kg. per hectare in 1973 to 1,300 per hectare in 1974.

Corn, the second major crop, is about 25 percent of total food grain production. Corn output rose slightly from 821,000 tons in 1973 to 831,000 tons in 1974. Area harvested declined to 441,000 hectares in 1974 from 446,000 hectares in 1973, probably largely due to a flood which caused considerable damage to cornfields. Counterbalancing the reduced area, corn yields rose from 1.84 tons per hectare in 1973 to 1.88 tons in 1974, increasing total output. In 1974, Nepal had about 5 percent of total corn area planted to HYV corn.

Wheat production in 1974 rose slightly to 315,000 tons, compared with 312,000 produced in 1973. Despite continuation of programs to stimulate wheat production, such as distribution of subsidized HYV seed, output failed to increase. A mild drought at planting time caused poor wheat germination, and it partially reduced output.

Barley and millet production remained largely unchanged from the previous year. Sugar production fell

2 percent to 250,000 tons in 1974, compared with the 1973 level of 255,000 tons. The drop in sugar production occurred mainly because procurement prices fixed by the sugar mills had not increased in line with the general rise in agricultural prices.

Potato output rose 4 percent to 305,000 tons in 1974 and oilseed output went from 59,000 in 1973 to 62,000 tons in 1974. Jute and tobacco production practically remained the same as the previous year.

Agricultural Trade

Nepal's total trade, including that with India and Tibet, rose from \$126 million in 1973 to an estimated \$153 million in 1974. Total export value increased too, about 15 percent, to \$44.6 million in 1974. Total import value rose to about \$109 million in 1974 from the previous year's level of \$87 million. India and Tibet account for about 95 percent of Nepal's foreign trade. Though it maintains bilateral trade agreements with the USSR, PRC, Poland, South Korea, and Pakistan, Nepal has had little trade with these countries.

Nepal's major exports to India are rice, wheat, corn, barley, and jute products. Major imports from India are cotton, textile goods, vegetable oils, petroleum products, light machinery, and consumer goods. Major exports to bilateral partners (mostly the USSR) are jute products, mica, and timber. Construction materials, consumer goods, printing materials, and agricultural machinery are the major imports.

U.S. agricultural exports to Nepal have been declining

for the past 2 years. The value was \$1.3 million in 1972, \$621,000 in 1973, and \$425,000 in 1974. Much of this decrease resulted from a major drop in P.L. 480 corn exports. In 1972, corn exports were \$1.2 million compared with \$234,000 in 1973 and only \$74,000 in 1974. Other commodities which the United States exported to Nepal were tobacco, coffee concentrates, dietetic foods, and soybean oil.

U.S. agricultural imports from Nepal have likewise decreased. Their value in 1973 totaled \$265,000, but only \$35,000 in 1974: mainly goatskins for \$13,000, lentils at \$11,000, bristles for \$6,000, and ginger root for \$5,000.

Outlook

Nepal's economic prospects for 1975 are mixed. Landlocked, it must rely on India for outside supplies, especially petroleum. With rising world petroleum prices, third-party suppliers are demanding hard currency, which Nepal will find difficult to obtain.

The outlook for agricultural output in 1975 is good. Damage caused by flooding in some areas should be compensated by above-average yields, assuming subsequent good weather and timely rains. Winter crops—wheat, pulses, gram, sugarcane, and mustard—could yield record crops in 1975.

Nepal's foreign trade direction may change in 1975 from India to the PRC and some other countries.

Tourism appears to be the brightest spot for 1975 as Nepal anticipates more visitors than ever. (*Amjad H. Gill*)

NEW ZEALAND

Population of 3 million with an annual growth rate of 2.2 percent, 12 percent rural—major agricultural products are milk, wool, mutton and lamb, and beef and veal—major agricultural exports are dairy products, wool, mutton and lamb, and beef and veal—major agricultural imports are sugar, fruits and vegetables, coffee and tea.

Economic Situation

New Zealand's economic situation completely reversed itself in 1974; the balance of trade went sharply into deficit as farm exports and output declined. Farm income fell sharply; it was estimated by the New Zealand Institute of Economic Research at about \$380 million in the year ended March 1975, a drop of 41 percent.⁴ Low meat and wool prices are largely to blame.

⁴Percentage changes are calculated in terms of New Zealand currency, since exchange rates fluctuate.

Export earnings in 1974/75 are expected to decline 5½ percent to \$2,190 million. The balance of payments will drop to a deficit of \$1,220 million, compared with \$650 million in 1973/74. This change is partly due to a 17-percent increase in the value of imports. The sharp increase in world oil prices has hurt New Zealand, since it depends almost entirely on foreign supplies.

GNP is expected to increase 16 percent to \$12,800 million in 1974/75; however, real growth will be only 2 percent. Inflation continues at a high level, and it is forecast at about 14 percent in 1974/75. With a large foreign sector, New Zealand is quite susceptible to inflationary pressures from abroad.

Agricultural Production

Total agricultural output decreased in constant dollar value 2 percent in 1974; crop output was down nearly 4 percent in value, while the value of livestock production fell almost 2 percent.

The volume of livestock production declined more sharply than value in 1974. Beef and veal output decreased nearly 11 percent to 401,000 tons. Production of mutton and lamb fell 11 percent to 493,000 tons—the

lowest level since 1965/66. The low sheepmeat production results directly from a policy of restocking, but the decline in beef production came from low prices. Meat prices continue to drop because of oversupplies in the world. Also, world demand has declined due to falling economic growth and protectionist policies in importing countries. Good pasture conditions allowed livestock to be retained on New Zealand farms.

Numbers of dairy cattle continued their downward trend, reaching 3.3 million head, while beef cattle numbers increased 7 percent to 6.1 million in 1974 (year ended September 30). Sheep numbers continued to fall slightly, to 55.9 million.

Wool production in New Zealand increased nearly 9 percent to 310,000 tons in 1974. The largest output since 1971 stems from an increased clip per sheep.

The number of dairy cows in milk declined in the 1970's to a fairly static 2.2 million head. This falloff has resulted from some switching of resources from dairying to beef cattle as the latter became more profitable. The trend in New Zealand has been towards larger herds and fewer dairy farms.

Milk production decreased for the third consecutive year in 1974 (year ending May) to 5.5 million tons, a drop of nearly 9 percent from 6 million tons in 1973. Output per cow decreased over the past 3 years, mostly due to adverse weather which has affected pasture conditions. Domestic consumption accounts for only a small portion of New Zealand's milk production.

Most of New Zealand's milk goes into manufacturing. Output of butter and its byproducts, which account for the largest amount of milk used in manufacturing, declined 15 percent in 1974. Cheese production also fell off sharply in 1974. However, output of nonfat dry milk increased significantly in the 1970's, reaching 194,000 tons in 1973/74.

Crops form a fairly minor part of New Zealand's agriculture. The Government maintains a policy of low prices for wheat to discourage its production. Because it is comparatively uneconomic to produce, wheat declined in both acreage and production 33 percent in 1974; 254,000 tons were harvested from 59,300 hectares. Because they are relatively more profitable, output of corn, oats, and barley all rose in 1974, although the total amount remained relatively small.

Fruit production, including apples, peaches, and pears, remained at about the same level in 1974 as in 1973. Horticultural products were hard hit by low overseas demand and high costs. Production of "kiwi" fruit is increasing.

Agricultural Trade

Agricultural exports account for the major portion of New Zealand's export earnings. However, the share declined to 81 percent in 1973/74 from 84 percent in 1972/73. The major categories of items exported are meat and meat products, wool, and dairy products.

Agricultural imports, comprising only 6 percent of total New Zealand imports, consist mainly of processed fruits and vegetables, sugar and preparations, coffee, tea, cocoa, and spices.

New Zealand accounts for over 70 percent of world trade in mutton and lamb and it is the third largest exporter of beef and veal. However, reliance on export markets has put New Zealand in a difficult position. Two of its three major meat markets—the EC and Japan—have virtually closed, costs are rising sharply, and returns to the farmer are dropping due to low world meat prices. Total meat exports accounted for \$740 million in the year ended September 1974, a decrease of nearly 17 percent in value because of smaller volume and sharply lower prices.

Mutton exports increased 20 percent to 111,000 tons in 1974, mainly as a result of a 37,000 ton sale to the Soviet Union. Lamb exports declined 18 percent to 250,000 tons. The United Kingdom remained the largest market for New Zealand lamb, but it is not selling well there because of the competition from low beef prices. The biggest problem in lamb marketing comes from high shipping costs and increased tariffs in the United Kingdom. New Zealand sold both mutton and lamb to Iran and Iraq in 1974.

Beef and veal exports dropped nearly 19 percent to 168,000 tons in the year ended September 1974. The United States is the only major meat market still open, taking nearly 70 percent of total beef and veal exports in that year. However, while the U.S. share remained about the same, the volume decreased almost 18 percent to 116,000 tons. However, New Zealand remains the second largest supplier of U.S. meat imports.

New Zealand exported 207,000 tons of wool in 1973/74, down nearly 25 percent from the previous year. World demand for wool has fallen sharply, in conjunction with the drop in economic growth rates of major wool textile processing countries. The EC remained the major destination, taking over half the total. The Soviet Union replaced Japan as the second largest outlet; Japan virtually withdrew from the wool market in the second half of the year.

The average price for greasy wool in the 1973/74 season was \$1.88 per kg., a decrease of 3.3 percent from the 1972/73 average. The New Zealand Wool Marketing Corporation bought heavily in the last quarter of the season, holding nearly 20,000 bales by the end of the season. Export returns for wool in 1973/74 dropped 14 percent to \$520 million but accounted for 21 percent of total exports.

New Zealand has become the world's leading exporter of dairy produce. In most years it is the largest world exporter of butter, cheese, casein, and dry milk. A major source of foreign exchange, dairy products accounted for about \$465 million, or 18 percent, of New Zealand's total export earnings in 1972/73 and 1973/74.

A market diversification program to reduce reliance on the United Kingdom as the major market for dairy products has been quite successful. Only 28 percent of

New Zealand's dairy exports went there in the year ending in September 1974, compared with 81 percent in 1964. The United Kingdom remains the largest market for butter and cheese; New Zealand was guaranteed access to this market after the United Kingdom joined the EC in 1973. Prices and quantities for butter and cheese on the U.K. market were set through 1977 at that time. Japan and Canada have recently emerged as important outlets for dairy products, and South America and Southeast Asia have also increased their purchases. The United States liberalized dairy imports in 1973 and 1974 because of tight domestic supplies. Much of the growth in New Zealand's dairy exports to markets other than the United Kingdom has been in products besides butter and cheese.

Wheat imports of 160,000 tons will be needed in 1974/75, mainly from Australia. The first imports of U.S. wheat—14,000 tons—were made in July 1974. More imports of U.S. wheat are not expected, due to price and shipping costs.

U.S. agricultural exports to New Zealand remain relatively small, but they increased 63 percent to \$26 million in 1974. Processed fruits and vegetables gained in importance to 29 percent of the total. Tobacco's share decreased to 23 percent from nearly 40 percent in 1973, though the value remained constant at \$6 million. New Zealand imported considerable amounts of U.S. grapefruit and oranges in 1974 because Australia had difficulty in supplying offseason demand that year.

U.S. agricultural imports from New Zealand decreased 13 percent to \$577 million in 1974. Meat and meat products remained the largest category, accounting for 59 percent of the total. Dairy products took a sharp jump to \$60 million in 1974 as U.S. dairy quotas were temporarily enlarged. The other major imports were animal hides, animal feeds, and wool.

Outlook

The New Zealand Government has instituted several major economic measures to relieve the depressed livestock sector. A subsidy of \$66 million is to aid sheep farmers: \$46 million to subsidize lamb production at \$9.24 per head, and \$20 million to support wool prices at \$1.23 per kg.

Subsidies will also be available for fertilizer application. Other concessions designed to help the farm sector are farm ownership schemes, emergency grants of \$6,600 to farmers in financial trouble, and assistance for building storage facilities for hay and grains.

The rate of inflation is expected to be around 13 percent as price increases slow down a little in 1975/76. The deficit in the balance of payments should decline in 1975/76. The GNP is expected to rise about 11½ percent, but real growth may be only 1½ percent. The New Zealand Institute of Economic Research predicted

farm income would fall a further 6½ percent to \$370 million in the year ending in March 1976. The September 1974 devaluation may help prevent a larger deterioration in the economic situation.

Production of beef and veal should increase about 15 percent in 1975, while output of mutton and lamb will continue its downward trend, decreasing a further 13 percent. Prices will probably remain low, and they may decrease further if a change in pasture conditions suddenly forces Australia—the world's leading meat exporter—to liquidate large numbers of livestock.

The outlook for meat trade in 1975 remains bleak. Two major markets—the EC and Japan—will continue to impose some restrictions on imports. Both countries have reopened their beef markets to a limited degree. The EC has imposed new trading provisions—requiring equivalent exports from stockpiles for any imports and a 100,000-ton import quota from all sources for the coming year. Japan's first announced quota is for only 2,400 tons for the Okinawa market. Thus, total beef imports by these two markets are expected to remain relatively small in 1975, and the United States will remain the major outlet for New Zealand beef. The United States has requested voluntary restraints in 1975 by meat exporting countries, including New Zealand, to prevent a glut of meat imports in its market. New Zealand will continue its efforts to expand sales in the Middle East.

The New Zealand Meat Producers Board has established guaranteed prices for beef in the 1975/76 marketing year. This will necessitate using the Board's reserve funds, which now total \$120 million.

Export returns for wool are expected to fall a further 20 percent in 1974/75. Demand may increase by late 1975, but not to former levels. Stocks of wool held by the Wool Marketing Corporation are building up sharply in 1974/75 as its purchases have increased significantly.

World demand for New Zealand's dairy products remains strong, and the only shortrun restriction on exports will be the availability of supplies. Currently they are at a low level, due to recent droughts and low dairy cow numbers. A further decrease in the number of dairy milk cows is predicted for 1975—to 2.12 million head—while milk production will increase slightly. An 18-percent price rise for exports of butter and cheese to the United Kingdom began in January 1975 through a reduction in the EC levy applied on U.K. imports of these commodities from New Zealand. This could bring in an additional \$27 million per year to the New Zealand dairy industry. Low beef prices plus a good market for dairy products may result in a shift back into dairying.

New Zealand expects to have a surplus of both corn and barley which it hopes to export in 1975. The increased production reflects better comparative returns to the growers for corn and barley than for wheat. (*Diane B. Ellison*)

Population of 64.3 million with an annual growth rate of 2.6 percent, 64 percent rural—agriculture accounts for 38 percent of GDP—major agricultural products are wheat, rice, cotton, and sugarcane—major agricultural exports are cotton and cotton products and rice—major agricultural imports are wheat, vegetable oil, and tobacco.

Economic Situation

During 1974, Pakistan's real GDP advanced 6.3 percent, compared with 7.6 percent in 1973. Economic conditions were depressed in 1974 due to a sluggish world cotton market, severe crop damage from the August 1973 flood, and soaring petroleum product prices. Per capita income continued to grow moderately at 3.2 percent in 1974, compared with 4.7 percent in 1973. Industrial growth also moved downward from 11.8 percent in 1973 to 6.1 percent last year. The decline came from buildup of raw cotton stocks and cotton yarn caused by slackening international demand for these goods.

Agricultural Production

Total agricultural production was down in 1974, compared with 1973, when it made a 6-percent gain. Food output fell slightly—from 13.7 million tons in 1973 to 13.2 million tons in 1974.

Wheat production in 1974 remained unchanged from the previous year's level of 7.8 million tons, failing to reach the Government goal of 8.5 million tons. The shortfall in the 1974 wheat crop came from frost damage at an early stage of plant development and subsequent excessive heat that affected grain formation. In addition, about 48,000 hectares could not be planted to wheat because of difficulty in land preparation stemming from the 1973 flood. Besides these factors, use of fertilizer declined, due to high prices and distribution problems. It dropped to 87,000 nutrient tons for wheat in 1974 from 98,000 nutrient tons in 1973. Total harvest area of wheat in 1974 increased to 6.2 million hectares, compared with 6 million hectares in 1973. Of total wheat area in 1974, about 3.8 million hectares, or about 61 percent, were planted to HYV. Wheat yield per hectare also declined, from 1.3 tons in 1973 to 1.26 tons in 1974.

Rice production in 1974 is estimated at about 2.2 million tons, down 9 percent from 1973 production of 2.4 million tons and the Government's goal of 2.8 million tons. To achieve that goal, the Government had increased the procurement price for paddy from Rs 65 (\$1 = Rs 9.90) per maund to Rs 92 per maund (82.27 lbs.), and it had also made available more fertilizer. As a result, area planted to rice increased from 1.5 million

hectares in 1973 to 1.57 million hectares in 1974. But water supply and weather conditions at sowing time were quite unfavorable. There also was canal water shortage and mostly dry conditions at the time of germination. Consequently, rice production fell short, principally IRRI rice, which requires more water than does the native basmati variety. Of the total rice area, about 42 percent, or 625,000 hectares, was planted to IRRI.

Corn production dropped from 767,000 tons in 1973 to about 711,000 tons in 1974, severely affected by the lack of water and rains.

Barley production declined from 139,000 tons in 1973 to 127,000 tons in 1974. Chickpea (gram) production also fell—to 591,000 tons in 1974 as against 611,000 tons in 1973. Production of other pulses in 1974 dropped too from the previous year's level because pulses are primarily barani (rainfed) crops, which suffer from low soil moisture and dry weather. Total area under pulses in 1974 was estimated at 473,000 hectares; production, about 205,000 tons.

Cotton production in 1974 reached 652,000 tons, up 5 percent from 1973 production of 623,000 tons. Area planted to cotton in 1974 rose more than 7 percent from the previous year's level of 1.85 million hectares. At planting time, the Government forecast a cotton crop of about 680,000 tons for 1974. But during the cotton growing period, a series of unfavorable weather conditions—untimely rains, shortage of canal water, and hot winds during the early development stages of plant growth—adversely affected cotton production. Yet output fell only about 4 percent short of the official forecast.

Fertilizer distribution for agricultural production during 1974 was about 404,000 nutrient tons, of which 300,000 nutrient tons were produced locally and the balance was imported. Of total fertilizer distributed, wheat used about 50 percent; cotton, 16 percent; sugarcane, 14 percent; and rice, about 10 percent.

Agricultural Trade

Pakistan's total export earnings reached a record \$1.03 billion in 1974; export earnings in 1973 were \$789 million. The increase resulted mainly from the sharp rise in world prices of Pakistan's export commodities: cotton yarn and fabric, raw cotton, rice, leather, fish, and wool and wool products.

Cotton and cotton products are the main source of Pakistan's foreign exchange earnings. During 1974, the export of cotton yarn and cotton fabrics suffered a setback due to higher export duties imposed by the Government and a buildup of raw cotton and cotton yarn stocks. Earnings from cotton and cotton products totaled about \$432 million in 1974, about the same as a year ago. But despite cutbacks in these exports, foreign

exchange earnings remained the same as the previous year.

In 1974, rice exports brought record-high earnings of \$180 million. Major Pakistani rice export markets were Indonesia, Sri Lanka, and Middle Eastern countries.

Other export commodities earning large foreign exchange in 1974 were wool carpets at \$50 million; leather, \$40 million; fish, fresh and canned, about \$28 million; and tobacco and tobacco products, \$10.5 million. Pakistan's total imports went up 82 percent—from \$797.1 million in 1973 to \$1.45 billion in 1974. Pakistan is a major importer of wheat, edible oil, tea, tallow, and fertilizer. The cost of imported wheat rose from \$106 million in 1973 to \$132 million in 1974 but the volume imported decreased from 1.34 million tons in 1973 to 999,000 tons in 1974. Imports of edible oil increased sharply from 88,400 tons in 1973 to 148,000 tons in 1974. Imported tallow in 1974 cost about \$10.2 million, compared with \$6.18 million in 1973. The cost of imported tea remained almost the same as in 1973, at \$34 million.

U.S. agricultural exports to Pakistan in 1974 rose about 39 percent to \$158 million from last year's level of \$114 million. Pakistan is a major importer of wheat, soybean oil, and tallow under P.L. 480 and CCC loans. In 1974, the United States exported wheat to Pakistan worth \$80 million, against 1973 exports of \$89 million. Tallow exports almost doubled in 1974 to about \$11 million, compared with the previous year's exports of \$6.18 million. U.S. exports of edible oil, mostly soybean oil, at \$58.7 million, almost quadrupled last year's amounts. Other U.S. exports included sorghum valued at \$4.4 million, baby chicks, tobacco, and long-staple cotton.

U.S. agricultural imports from Pakistan dropped from \$3.2 million in 1973 to \$2.8 million in 1974. They consisted of molasses valued at \$994,000; cotton linters, \$747,000; goat kid hair, \$438,000; red peppers, \$290,000; and long-grain rice, \$48,000. Licorice root, mixed spices, frozen and chilled frogs, and lambskins were also imported from Pakistan.

Outlook

The outlook for the Pakistani economy in 1975 is not very optimistic. Inflationary trends which persisted during 1974 may continue in 1975, and prices may rise more, despite Government measures. Industrial output

may be hurt more in 1975, due to the high cost of imported raw materials. The cost of crude oil quadrupled in 1974, a trend that may keep up in 1975, despite some help by Arabian countries through oil exports to Pakistan. The overall balance of payments of Pakistan in 1974 showed a deficit of \$148 million, one that may reach about \$300 million by the end of 1975.

Prospects for agricultural production for 1975 are mixed. Pakistan experienced a drought condition at wheat-sowing time in late 1974. Tarbela Dam damage required premature release of millions of acre-feet of water, some of which otherwise would have been used for irrigation. Wheat planting was delayed in most regions of Sind and Punjab due to a decline in water supply. The wheat production outlook remained gloomy until widespread rains fell in the last week of January 1975. These rains, plus a belated but significant increase in fertilizer sales, have improved chances for a better wheat harvest.

The Government estimate for 1975 rice production was put at 2.6 million tons; the actual level will depend on the amount of rainfall and water supply at planting time, around July through the end of August.

Pakistan's fertilizer consumption for 1974 is forecast at about 600,000 nutrient tons, up around 50 percent from 1974 consumption of 404,000 nutrient tons. Pakistan is expecting to produce locally more than 420,000 tons of fertilizer; the remainder will be imported. The Government has made special arrangements for farm credit so that farmers can maximize fertilizer use.

Pakistan's export earnings for 1975 are projected at about \$1.5 billion. The recent trade agreement with India greatly improved prospects for exporting cotton and cotton products to that country. The continual strong demand for rice in Southeast Asia, especially Indonesia, Sri Lanka, and India (under new agreements) and Arabian countries, provide bright future markets for Pakistani rice.

Pakistani imports may reach \$2.2 billion in 1975. Traditional agricultural imports of wheat, edible oil, tallow and tea, could increase in 1975. Wheat imports for 1975 are expected at around 1.5 to 2.0 million tons, depending on the current wheat crop. Most of the imported wheat may come from the United States under P.L. 480 and CCC loans. Edible oil imports for 1975 are projected at 145,000 tons, of which the United States may supply about 75,000 tons. (*Amjad H. Gill*).

PHILIPPINES

Population of 43.4 million with an annual growth rate of 3.2 percent, 52 percent rural—agriculture accounts for 38 percent of GDP—major agricultural products are rice, livestock, copra, sugarcane, and corn—major agricultural exports are sugar, coconut products, and pineapple—major agricultural imports are wheat, rice, and corn.

Economic Situation

Preliminary Government data indicate that the Philippines achieved a real growth of 6 percent in 1974. Although slightly less than the targeted 7-percent growth rate, it was considered acceptable in view of the severe domestic and external inflation and downturn in exports during the last half of the year. GNP at current prices rose 36 percent to \$14.2 billion, reflecting a price increase of about 30 percent and a slight growth in real per capita GNP.

Output of the construction sector went up 18.5 percent during the year, followed by fishing (11.9 percent); utilities (7.5 percent); services (7.1 percent); commerce (6.2 percent); and agriculture (3 percent—excluding fisheries and forestry). Forestry declined 35.6 percent due primarily to a decline in export markets, principally Japan.

After recording its first trade balance surplus in 10 years during 1973, the Philippines reverted to a trade deficit position once again in 1974, at about \$400 million. Export earnings increased 39 percent during the year while imports jumped 81 percent.

Despite the trade deficit, the Philippines recorded a surplus in its balance of payments: \$465 million in current invisible transactions (excluding capital flows), which generated a \$96 million surplus in the current account. Causes included sharp increases in earnings from tourism, larger emigrant remittances, and transfer payments under the U.S. Veteran's and Social Security programs. An increase in external debt from \$2.4 billion to \$3.2 billion also contributed to the favorable balance of payments: international reserves rose 45 percent to \$1.5 billion at the end of 1974.

Agricultural Production

Record crops of rice and sugarcane paved the way for a 3-percent increase in Philippine agricultural production during 1974. Crop production advanced almost 3 percent while livestock and poultry output rose over 4 percent. Some fruits and vegetables did not do well because of a series of typhoons in October and November. Copra production was also down sharply in 1974.

The "Masagana 99" program and excellent weather largely accounted for the estimated 6-percent increase in

the 1974 rice crop. "Masagana 99" endeavors to increase rice yields substantially by providing a package of inputs, along with reasonable credit and extension. About one-third of the rice grown is currently covered under the program and nearly half the 1975 acreage will be covered.

Following 2 consecutive years of excellent weather, permitting record rice harvests, the Philippines is once again approaching rice self-sufficiency, after the very small 1972 crop had created the need for substantial imports. Rice imports in 1974 reached only one-third the level of 2 years ago. Strong Government support of "Masagana 99" will likely reduce requirements further in 1975.

Taking an innovative approach to stimulate rice production and simultaneously lower the Government's cost of subsidizing rice imports, President Marcos issued an order in May 1974 which required corporations with 500 or more employees to provide a stated quantity of rice for each worker. Specifically, corporations must provide 30 kilograms of rice per month to each employee, at a Government-specified maximum price, during the normal rice shortage months of July through September. Employers may import the rice through the National Grains Authority (NGA) or produce it themselves. During 1974, about 200 firms purchased 40,000 tons of rice from the NGA and a similar number of firms produced their own rice.

The 1974 corn crop of 2.35 million tons rose 3 percent above the previous year's outturn. The increase came primarily from area expansion as efforts to obtain higher yields have been largely unsuccessful. Corn continued to be a major food grain in some parts but was not required as a rice substitute in 1974. A high population growth coupled with an expanding livestock industry, however, resulted in a corn deficit situation again in 1974; over 150,000 tons were imported.

Philippine sugarcane advanced 8 percent in 1974 to 26.1 million tons. Cane yields were higher than the low 1973 crop and they would have been substantially higher had it not been for heavy rains at the beginning of the season. Thus, sugar yields declined during 1974 though cane yields increased. The 1974 sugarcane crop was harvested in September before the typhoons began.

Slow recovery from the late 1972 and early 1973 drought principally explains why copra production plunged 29 percent to only 1.29 million tons in 1974. Other contributing factors include harvesting immature nuts to take advantage of the high prices, and underreporting resulting from rampant smuggling to avoid the premium and export taxes on copra.

Among other major agricultural commodities, banana output reached 1.3 million tons, up nearly 30 percent from the reduced 1973 crop; tobacco production increased 14 percent to 90,000 tons; abaca fiber production advanced 12 percent to 734,000 bales; and

pineapple output rose marginally to 405,000 tons. The National Economic and Development Authority has estimated that livestock production went up nearly 8 percent during the year, but information on livestock numbers was not available at the time of this report.

Agricultural Trade

Of Philippine agricultural trade valued at approximately \$2.0 billion during 1974, agricultural exports accounted for about 80 percent, or an estimated \$1.6 billion. Primarily due to high prices, these exports more than doubled the 1973 value, providing 52 percent of total foreign exchange receipts during the year. Only canned pineapple and bananas among principal exports showed an increase in volume exported. Because of decreased domestic outturn, the combined volume of coconut products (copra, coconut oil, desiccated coconut, and copra meal) exported during January-November dropped 42 percent below that during the comparable period of 1973 but they nearly doubled in value. Sugar export volume fell slightly while shipments of molasses, tobacco, and abaca were considerably lower in 1974.

In 1974, agricultural imports expanded about two-thirds in value with little change in volume, representing only 13 percent of total Philippine imports. Because of reduced rice imports during the last 2 years, wheat now represents the most important agricultural import into the Philippines. Coming mainly from the United States, it constitutes about 20 percent of the value of total agricultural imports. Dairy products rank second but the United States has very little participation here. Cotton, corn, and tobacco were also major Philippine agricultural imports during 1974.

Value of U.S. agricultural exports to the Philippines

diminished 45 percent during 1974 to \$173.2 million. Wheat exports reached \$62.6 million, despite a slight decline in volume. U.S. cotton exports advanced slightly to \$34.7 million although there was a substantial drop in quantity shipped. Corn gained the most in both volume and value in 1974, jumping from 23,900 tons in 1973 valued at \$1.8 million to 112,200 tons worth \$19.6 million in 1974.

U.S. agricultural imports from the Philippines reached \$847.5 million in 1974, more than 80 percent above the 1973 total. U.S. imports of sugar nearly doubled to reach \$504 million but volume purchased declined 11 percent, reflecting a 103-percent higher unit value in 1974. A more dramatic change occurred in U.S. coconut oil imports; prices increased more than threefold, causing these imports to reach \$231 million despite a sharp decline in volume. U.S. copra imports declined to a low of \$13.6 million as the Philippines continued to process more of its copra domestically and export the oil.

Outlook

Continued high costs for petroleum, grains, cotton, and other imports will probably prevent any substantial improvement in the Philippine trade balance during 1975. Earnings from sugar, pineapple, abaca, and banana exports should be somewhat higher in 1975. Exports of coconut products will probably not change much in value, since the lower expected export price should be offset by an increase in volume exported.

Agricultural production will probably continue upward in 1975; and copra output will recover from the low 1974 level. The "Masagana 99" program will ensure increased rice output if normal weather prevails, but the typhoon damage in late 1974 may hamper 1975 sugar output. (E. Wayne Denney).

SINGAPORE

Population of 2.3 million with an annual growth rate of 2.0 percent—agriculture accounts for 3 percent of GDP—major agricultural exports are rubber, vegetable oil, and spices—major agricultural imports are rubber, vegetable oil, cotton and spices.

Economic Situation

The momentum of Singapore's economic growth receded considerably during the second half of 1974, resulting in real growth of about 5 percent for the year. Softening of world demand for many domestically produced goods led to layoffs in several of the heavily export-oriented manufacturing sectors. Though the previous labor shortage situation eased in 1974, employment prospects remain a major Government concern over the long run.

Despite a tight money situation, heightened conservatism among foreign investors, and lower world demand, all of which have reduced business confidence, the Singapore Government expressed optimism that the slowed economic growth is only temporary. Inflation was being brought under control at the end of 1974, although probably not enough to prevent a fall in real wages for many employees. Singapore's policy of upgrading technology and improving industry productivity is evidenced by the large sums of money spent on training, plus measures to actively entice foreign investment.

Agricultural Production

Farming in the 224-square mile Island Republic has become increasingly less profitable because rapid industrialization has put a premium on land values. Additionally, the Republic's recently imposed

antipollution regulations have accelerated the decline of farming, despite efforts to encourage it. Thus, Singapore will become a progressively larger market for both food imports and basic raw materials.

Agricultural Trade

Singapore's total external trade reached about \$14 billion during 1974, nearly two-thirds higher than in the previous year. Imports rose faster than exports, resulting in a trade deficit of nearly \$2.6 billion, almost double the 1973 deficit. The country financed its traditional trade deficits by service sector earnings and capital inflows.

U.S. agricultural exports to Singapore fell nearly 25 percent in 1974 to \$43.3 million. During 1973, large quantities of U.S. rice went to Singapore because it was unavailable from Thailand. In 1974, Thailand, along with the People's Republic of China, met nearly all of

Singapore's rice needs. U.S. cotton and wheat exports climbed to \$10.5 million and \$8.2 million, while soybean exports declined from \$7.0 million in 1973 to only \$2.4 million last year.

U.S. agricultural imports from Singapore rose more than 60 percent to \$44.7 million, 75 percent of it in rubber imports. Accounting for most of the increase, rubber imports gained in both quantity and value. Palm oil imports jumped from only \$0.8 million in 1973 to \$5.2 million in 1974.

Outlook

The recession in many developed countries and an expected trade contraction will adversely affect Singapore's economy in 1975. An upturn will not likely occur until well after worldwide economic conditions improve. A real growth of about 4-5 percent seems likely during 1975. (E. Wayne Denney)

SRI LANKA

Population of 13.5 million with an annual growth rate of 2.3 percent, 49 percent rural—agriculture accounts for 33 percent of GDP—major agricultural products are tea and rice—major agricultural exports are tea, rubber, and coconut products—major agricultural imports are rice and wheat flour.

Economic Situation

During 1974, Sri Lanka's economy continued its upward trend of the last few years. Increased domestic food production and higher agricultural export prices helped offset the negative effect of sharply higher prices for major imported food items and petroleum products. Sri Lanka's real GDP increased about 3 percent in 1974, compared with 2½ percent both in 1972 and 1973. A balance-of-payments deficit occurred in 1974, however, as the result of a sharp falloff in output in the domestic- and export-oriented industrial sectors. International reserves at the end of 1974 dropped to \$78 million, equal to only 5 weeks' worth of imports.

Agricultural Production

In late 1973 and early 1974, Sri Lanka had good rainfall, resulting in higher than average food production. Total agricultural output increased 5 percent during 1974, compared with a 3-percent decline the previous year. Total food grain production went from 915,000 tons in 1973 to 1,085,000 tons in 1974. Rice production was mainly responsible, rising from 880,000 tons to 1,050,000 tons.

The Government also offered substantial incentives to rice farmers; it raised the procurement price for paddy

from RS 25 to RS 30 per bushel (46 pounds) in April 1974 and to RS 33 per bushel in September 1974 (\$1 = RS 6.40). New credit in kind and fertilizer and other agrochemicals were made available to rice growers at subsidized prices.

Production of tea, the leading export, dropped from 211,000 tons in 1973 to 204,000 tons in 1974. Climatic conditions did not favor its production and previously nationalized tea estates were neglected.

Sri Lanka's production of rubber—second largest export—moved up about 4 percent in 1974 over 1973 production of 155,000 tons. This increase came from better tapping techniques, prompted by higher world prices. Among the three types of rubber Sri Lanka produces—sheet, latex, and scrap—latex brings the highest foreign exchange earnings and it has a high demand in the world market. With Government assistance during 1974, many rubber estates switched from the cheaper sheet rubber to latex manufacture.

Coconut production, badly damaged by drought in 1972 and 1973, recovered substantially in 1974, from 105,000 tons in 1973 to 150,000 tons. Traditionally, coconuts are the third major export commodity. But because of small 1972 and 1973 harvests and high domestic consumption of oil, Sri Lanka exported only very nominal amounts of coconut products during 1974. The Government is now encouraging increased coconut production by providing fertilizer at a subsidy of 50 percent of cost.

Agricultural Trade

The value of Sri Lanka's foreign trade advanced sharply in 1974 to \$1.371 billion, compared with \$857 million in 1973. Due to high prices for tea and rubber, total export earnings increased from \$382 million in

1973 to \$552 million in 1974. Tea exports declined from 206,000 tons in 1973 to 164,000 tons in 1974, a drop of 20 percent because of lower production in 1974. But tea prices in the world market went much higher than in 1973, which helped narrow the gap of earnings from tea exports—\$175 million in 1973, compared with \$194 million in 1974. Pakistan, Egypt, and other Middle Eastern countries are becoming the major buyers, replacing the United States, United Kingdom, and other English-speaking countries.

Rubber export earnings increased \$4 million over the 1973 total of \$91 million. Due to the energy crisis, synthetic rubber prices have skyrocketed, resulting in a sharp demand for natural rubber. Sri Lanka's rubber exports rose from 145,000 tons to 156,000 tons in 1974. The PRC has become the major buyer, under a rice-for-rubber barter trade agreement with Sri Lanka.

The ban on edible coconut product exports, begun in 1973, continued in 1974, enabling Sri Lanka to retain these products (primarily coconut oil) for domestic use.

Sri Lanka imported about 450,000 tons of wheat flour in 1974, mostly from France, Australia, West Germany, Italy, the United States, and Canada. Sri Lanka imported most of its wheat flour on commercial terms, receiving about one-third on either a concessional or grant-aid basis. Sri Lanka imported about 350,000 tons of rice during 1974, the same as the previous year. Practically all of it came from the PRC (67 percent) and Pakistan (33 percent).

U.S. agricultural exports to Sri Lanka declined sharply from \$18.2 million in 1973 to \$10 million in 1974, mainly due to declining wheat flour exports. Because of short supplies, the United States sent \$6.4 million worth in 1974, compared with \$18 million in 1973.

In contrast, the United States exported \$1.8 million worth of cotton and \$573,000 worth of soybean oil to Sri Lanka in 1974, compared with only negligible

amounts in 1973. Other commodities, such as vegetable seeds and wheat flour-soybean blend, were also exported to Sri Lanka in 1974.

U.S. imports from Sri Lanka increased from \$25 million in 1973 to \$32.3 million in 1974. The main commodities imported in 1974 were tea, valued at \$21.6 million; natural rubber for \$6.5 million; unground cinnamon chips, \$1.8 million; and coir,⁵ \$1.2 million. The United States also imported nutmeg, black pepper, mace, cloves, and essential oils.

Outlook

Prospects for Sri Lanka's economy for 1975 are uncertain because of the country's extreme dependence on foreign supplies for domestic food needs and current high prices of imported food and petroleum products.

Sri Lanka expects to import about 400,000 tons of rice and about 450,000 tons of wheat flour during 1975. However, drought conditions existed during October-December 1974, the growing season for winter-harvested 1975 crops. The result may be a drop in output and the need for more food grain imports in 1975. The PRC and Pakistan may remain the chief suppliers of rice, since both have barter trade agreements with Sri Lanka. The United States, France, Australia, and Canada may be the major suppliers of Sri Lanka's wheat flour imports.

Sri Lanka recently received about \$64 million in aid and soft loans from Arabian countries to use for economic development. The urea fertilizer plant under construction will use naphtha from the country's single petroleum refinery. (*Amjad H. Gill*)

⁵ Stiff coarse fiber from the outer husk of coconuts.

TAIWAN

Population of 15.8 million with an annual growth rate of 2.0 percent, 38 percent rural—agriculture accounts for 14 percent of GDP—major agricultural products are rice, sweetpotatoes, vegetables, and meat—major agricultural exports are sugar, mushrooms, and fruits and vegetables—major agricultural imports are corn, cotton, soybeans, and wheat.

Economic Situation

Worldwide inflation and sluggish demand slowed Taiwan's economic growth in 1974. Per capita incomes advanced sharply in 1974, however, reaching about \$702 at current prices, a gain of \$235 over the previous year. But Taiwan's real GNP increased only 0.6 percent in 1974, compared with 11 and 12.3 percent in 1972 and 1973, respectively. The general index of consumer prices

in Taiwan rose 40.5 percent in 1974, about quadruple the increase from a year ago. Food costs went up the most—54.3 percent.

Total trade during 1974 increased substantially—up 53.9 percent to \$12.6 billion. Total exports rose 25 percent, from \$4.5 billion in 1973 to \$5.6 billion. Total imports, though, jumped 84 percent, from \$3.8 billion in 1973 to an alltime high of \$7.0 billion in 1974. Though Taiwan enjoyed a surplus balance of trade for the last 3 years, high costs of imports brought on a 1974 trade deficit of \$1.4 billion.

Taiwan recorded no change in total agricultural production during 1974. Failure to increase output is mainly attributable to high labor and feed grain costs and severe storms toward the end of the year.

Rice production increased significantly in 1974 to 2.24 million tons, compared with 2.1 million tons in 1973. Area planted to rice went up 54,000 hectares in

1974 over last year's area of 724,000 hectares, principally from increased multiple-cropping.

Corn production jumped 25 percent—to 105,000 tons in 1974; production in 1973 was 84,000 tons. High world prices for corn persuaded Taiwanese farmers to plant more in 1974. Corn area rose from 31,000 hectares in 1973 to 40,000 hectares in 1974: the increase came from land previously planted to sweetpotatoes. Millet and sorghum output went from 21,000 tons in 1973 to 28,000 tons in 1974. Production of sweetpotatoes, the second largest crop in terms of area planted, has been declining the last few years. It fell further in 1974 to 2.8 million tons, compared with 3.2 million tons in 1973. Output of cassava, mostly used for livestock feeding, increased to 366,000 tons in 1974, up more than 11 percent from the previous year's production of 328,000 tons.

Sugarcane production reached an impressive 8.4-million-ton level in 1974, 21 percent over 1973's figure of 7.4 million tons. Total area planted declined from 98,000 hectares in 1973 to 93,000 hectares in 1974. Yields, though, increased from 76 tons per hectare in 1973 to 90 tons in 1974, as the result of heavy use of fertilizer and an increase in the Government-guaranteed minimum price paid to sugarcane farmers.

Total citrus fruit production rose almost 20 percent in 1974 to 398,000 tons, compared with 1973's level of 332,000 tons. Banana production, due to slackening world demand, dropped drastically, from 423,000 tons in 1973 to 272,000 tons in 1974. In addition, much banana land was shifted to rice paddy, decreasing the banana growing area to 13,000 hectares in 1974 from 20,000 hectares in 1973. Pineapple production dropped slightly to 326,000 tons from 328,000 tons in 1973.

Vegetable production, which includes asparagus, mushrooms, and other vegetables, jumped about 11 percent in 1974 to 2.3 million tons. Vegetable area, third largest in crop production, increased from 155,000 hectares in 1973 to 161,000 hectares in 1974. Combined output of all fruits except bananas and citrus—such as mangoes, papayas, peaches, apples, pears, and persimmons—went up 40 percent—from 345,000 tons in 1973 to 484,000 tons in 1974.

Livestock production in 1974 suffered serious setbacks due to rising feed costs and Government controls on retail meat prices. Total meat production dropped from 597,000 tons in 1973 to 540,000 tons in 1974. About 86 percent produced is pork, which declined from 523,000 tons in 1973 to 463,000 tons in 1974. Poultry meat production rose slightly in 1974 to 71,000 tons, compared with 68,000 tons the year before. Milk production increased 13,000 tons in 1974 over 1973 production of 38,000 tons.

Agricultural Trade

Despite worldwide economic recession, Taiwan's total exports reached their highest level ever—\$5.6 billion in

1974, compared with 1973's \$4.5 billion. Exports of major agricultural commodities during the first 10 months of 1974 reached \$395 million, up 32 percent from the same period in 1973. Sugar exports at \$189.3 million in January-October more than doubled the \$82.8 million earned in that period in 1973, as a result of a sharp rise in world sugar prices. Major sugar markets for Taiwan were South Korea, Japan, the United States, Saudi Arabia, Malaysia, and Singapore.

Frozen pork, Taiwan's second-best agricultural export commodity in 1973, went mainly to Japan. In 1974, two factors caused pork exports to fall from \$57.1 million in January-October 1973 to \$29.9 million in the same period of 1974: the high cost of imported feed grains and Japan's effort to protect its pork producers by placing a higher duty on imported pork. In 1974, asparagus replaced pork as Taiwan's second-best export commodity, bringing \$74.4 million in the first 10 months of 1974, almost a 75-percent increase from the earnings of the same period of 1973. Mushroom exports reached about \$36.6 million in January-October 1974, down more than \$4 million from a year earlier. Tea exports declined in January-October 1974 to \$11.3 million, compared with \$17.2 million during the same period in 1973. Taiwan's exports of other major commodities during January-October 1974 were canned and fresh pineapple valued at \$18.6 million; vegetables, about \$9 million; and citrus fruit, \$6.2 million.

Though exports increased, Taiwan's imports rose faster—from \$3.8 billion in 1973 to \$6.7 billion in 1974. Imports of major agricultural commodities jumped sharply to \$687 million in January-October 1974, compared with \$405 million in this same period a year earlier. During January-October 1974, Taiwan imported 734,000 tons of wheat valued at \$160.7 million. Comparative 1973 figures are 433,000 tons at \$40.7 million. Cotton imports during the first 10 months of 1974 cost \$167.8 million, compared with \$106.4 million in the same period of 1973. Imports of corn, the lifeline for the Taiwanese livestock-feeding industry, increased almost 40 percent to \$146.4 million for 905,000 tons in January-October 1974. These compare with \$97.5 million and 1,035,000 tons in the same period of 1973. The value of soybean imports likewise climbed \$116.2 million in January-October 1973 to \$131.1 million in the same period of 1974. Imported quantities decreased from 504,000 tons in January-October 1973 to 456,000 tons for the same period of 1974. Other commodities Taiwan imported in January-October 1974 were barley for \$35.5 million; tobacco, \$35.4 million; tallow, \$11.7 million; and sorghum, \$8.6 million.

Major U.S. agricultural export commodities to Taiwan consisted of wheat, corn, cotton, soybeans, tallow, and tobacco. During 1974, the United States exported 614,000 tons of wheat valued at \$116 million, compared with 1973 wheat exports of 575,000 tons worth \$85 million. Because of their high cost, Taiwan reduced U.S. corn imports to 240,000 tons valued at \$33.3 million in

1974 from the previous year's level of 561,000 tons at \$49.8 million.

U.S. cotton exports to Taiwan dropped \$10 million in 1974, from the 1973 export value of \$81 million. U.S. tobacco exports, however, increased 65 percent—from \$18.2 million in 1973 to almost \$30 million in 1974. U.S. tallow exports rose moderately to \$4.7 million in 1974 from \$4 million in 1973. Other U.S. commodities exported to Taiwan were whole and dry milk, baby chicks, syrups, dog and cat food, cattle hides and skins, and vegetable oils.

The value of U.S. imports from Taiwan in 1974 rose faster than that for U.S. exports to Taiwan. Imports advanced 41 percent to \$94.8 million in 1974, from \$67 million in 1973, mostly due to more sugar and sugar products. The import value of sugar from Taiwan tripled from \$10.3 million in 1973 to \$31.3 million in 1974. The quantity, however, increased only 60 percent to a level of 80,000 tons. U.S. imports of canned pineapple rose about \$3 million in 1974 to \$8 million. Canned fruits cost the United States \$6.3 million, up from 1973 imported value of \$5.9 million. Canned mushroom imports in 1974 increased 8 percent from the 1973 level of \$20.6 million. U.S. imports of water chestnuts went from \$3.2 million in 1973 to almost \$3.9 million in 1974. Taiwan citronella oil exports to the United States mounted sharply—from \$737,000 in 1973 to more than \$3 million in 1974. Other commodities imported from Taiwan by the United States in 1974 were mixed spices, \$3 million; tea, \$2.5 million; feathers, \$1.04 million; and prunes and plums, \$240,000.

Outlook

The prospects for Taiwan's economy in 1975 are somewhat uncertain. Since it is based on foreign trade, the Taiwan economy depends heavily on conditions in major export markets—North America, Western Europe, and Japan. Taiwan's real GNP in 1975 may grow between 2 and 4 percent.

Due to the high cost of imports in 1975, Taiwan may face another trade deficit year, but not as big as last year's. The official forecast for agricultural growth in 1975 is set at 4.5 percent. The Government goal for 1975 rice production is set at 2.6 million tons; last year's reached 2.26 million tons. Soybean, corn, and sorghum production are expected to increase 12, 19, and 28 percent, respectively, in 1975. Tea, banana, mushroom, and asparagus output are likely to fall slightly, because of the world market situation. Forestry production may decline more in 1975, due to Government disincentive policies. Fishery production should grow because large amounts of funds have been invested to improve fishing conditions.

The hog industry is expected to expand to its pre-1974 level by mid-1975, and chicken and duck production will probably rise too. Taiwan is expected to import more wheat, corn, and soybeans in 1975; however no increase is anticipated in cotton imports. The reduced import duty on bulk agricultural raw materials will be continued, which should encourage importers of corn, soybeans, and wheat. Demand for wheat in 1975 is expected to remain strong. (*Amjad H. Gill*)

THAILAND

Population of 42 million with an annual growth rate of 3.2 percent, 73 percent rural—agriculture accounts for 30 percent of GDP—major agricultural products are rice, rubber, corn, and kenaf—major agricultural exports are rice, rubber, corn, cassava, and kenaf—major agricultural imports are dairy products, cotton, tobacco, and wheat and wheat flour.

Economic Situation

Thailand's rate of economic growth dropped sharply to 3.8 percent in 1974 from approximately 9.0 percent during 1973. Despite strong agricultural export performance last year, Thailand was affected by the worldwide recession. The textile industry suffered particularly as world demand for Thai textile exports declined considerably. Agriculture made only small gains in 1974 over the record harvests for major crops in 1973.

Thailand's primary source of foreign exchange, agriculture exports, reached a record-high value in 1974

because of record harvests in 1973 and high world prices. Thus, though import prices, particularly for petroleum products, rose sharply last year, the high prices and volume of agricultural exports kept Thailand from experiencing severe balance-of-payments problems, unlike many other developing countries. In fact, exchange reserves rose 40 percent during 1974 to almost \$1.9 billion.

Nonetheless, worldwide price inflation during 1974 left its mark. Food supplies were more readily available last year because of the previous year's high output, but strong export demand and concomitant high world prices pushed up Thailand's food price index 32 percent, while the general consumer price index rose 26 percent.

Agricultural Production

Thai agricultural production equaled the 1973 level, setting new production records for most major crops except kenaf. Weather conditions were good during the planting season of 1974, and high prices induced farmers to plant an increased area for most crops. Drought early in the growing season and floods in southern Thailand during harvest reduced output somewhat.

Rice production for 1974/75, estimated at 9.57 million tons, displaces the 1973/74 record of 9.47 million tons. This new high occurred despite weather less favorable than the excellent conditions of the previous year. Also, farm rice prices in 1974 were higher than in 1973, which helped encourage more intensive cultivation and, thus, increased yields and higher grade paddy. Most significantly, the winter crop portion of 1974 rice production is expected to be 660,000 tons, greater mainly because of high rice prices. Continued gains in the winter crop appear essential (1) to maintain the current level of per capita rice consumption in view of a rapidly growing population and (2) to keep rice exports to their average 1.4 million-ton level.

High corn prices also provided incentives for farmers to continue expansion of corn area into new land. Though drought in late summer reduced corn yields, the largest area yet planted made possible a small increase over 1973 to 2.4 million tons.

The sorghum crop also set a record for 1974/75 of 280,000 tons, a 65-percent increase over the previous year's crop. High sorghum prices and dry weather conditions during the planting season motivated some corn-producing farmers to shift to sorghum because of its superior dry weather potential.

Production of tapioca products, estimated at 4.0 million tons for 1974/75, rose 5 percent above last year's production of 3.8 million tons. Increased output came principally from continued expansion of area. Many farmers reportedly shifted from kenaf to cassava because of more attractive prices.

Kenaf production in 1974/75 fell 30 percent to only 400,000 tons from the previous year's record crop of 570,000, resulting in reduced prices. Many kenaf farmers shifted to other field crops. Kenaf is Thailand's only major crop which failed to show increased output in 1974/75.

Thai sugar production has expanded spectacularly in recent years. Output for 1974/75 is expected to be a new high at 1.1 million tons, a 20-percent increase above the previous year's output of 916,000 tons. Record world prices, which were passed on to cane producers, provided great incentives to producers.

Strong export demand and high prices also produced large harvests of minor Thai crops in 1974/75, including 42,000 tons of castor beans, a small increase over last year; and 29,392 tons of flue-cured tobacco, a considerable gain over 1973/74. Pineapples, long a minor Thai crop, have become a new industrial crop; production in 1974/75 reached about 500,000 tons.

Cotton production in Thailand has fallen significantly in the recent past, due to production difficulties. However, record prices resulted in an expansion of area and output for 1974/75 of 50,000 tons of seed cotton, up over the previous year.

Agricultural Trade

Agricultural exports continue to be Thailand's largest source of foreign exchange. Thailand exported slightly over 1.0 million tons of rice in 1974, a 28-percent increase over 1973's low 848,000 tons. Rice regained its traditional position as the foremost foreign exchange earner after a 1-year lapse in 1973. Rubber, which replaced rice that year, fared less well in 1974. Only 335,000 tons were exported, a 14-percent decrease from 390,500 tons in 1973; and prices declined throughout the year.

Strong world demand for livestock feed produced record values for exports of corn, sorghum, and tapioca products. Corn exports jumped 61 percent in 1974 to 2.1 million tons, from only 1.3 million tons the previous year. Japan, Taiwan, Singapore, and Hong Kong remained the principal customers, taking 70 percent. Sorghum exports also increased to 177,600 tons in 1974, a 42-percent gain over 1973's level. Tapioca exports during 1974 went up slightly over the previous year, to over 2.0 million tons. The EC remained the primary customer.

Kenaf exports in 1974 declined 11 percent to 235,000 tons from 264,700 tons in 1973, while castor bean exports increased slightly to 27,000 tons. Virginia leaf tobacco exports fell 14 percent to 12,900 tons.

Exports of raw sugar jumped 53 percent in 1974 to 420,000 tons. Export prices for sugar rose to such a high level by the last quarter of the year, inducing similarly large increases in domestic sugar prices, that the Thai Government suspended sugar exports until the year's end to insulate domestic sugar prices.

Thai cotton imports declined 25 percent in 1974 to 63,400 tons as world textile demand declined. Thailand's wheat imports also fell slightly in 1974 to 60,300 tons. Very high flour prices significantly curtailed domestic consumption of wheat. Thai tobacco imports, on the other hand, increased during the first 9 months of 1974 to 9,000 tons, up 33 percent over the same period in 1973.

U.S. agricultural imports from Thailand increased 46 percent in 1974 to \$43.7 million. Rubber valued at \$15.7 million was the principal item. Imports of sugar jumped 121 percent to \$6.1 million in 1974; imports of fruit, principally canned pineapples, increased 148 percent to \$5.4 million.

U.S. agricultural exports to Thailand rose 54 percent in 1974 to \$82.6 million. Cotton remained the largest item at \$33.4 million, an 18-percent decrease from 1973; volume fell 45 percent to only 31,400 tons.

U.S. exports of tobacco totaled 9,326 tons valued at \$28.5 million, rising 170 percent in value and 139 percent in volume above 1973 exports of 3,900 tons at \$10.5 million. However, U.S. tobacco exports to Thailand did not recover to their 1972 level of \$35.7 million.

Although the total volume of Thai wheat imports declined slightly in 1974, the U.S. share increased 78 percent in volume to 40,000 tons and 195 percent in value to \$7.3 million. U.S. exports of soybeans, nil in 1973, reached \$2.7 million in 1974.

Outlook

Thailand's general economic outlook for 1975 is good, though a more difficult year than 1974 is likely. Again, large supplies of exportable agricultural products will exist, and prices will be good but probably not as high as 1974. Also, prices may decline in the last half of the year, coinciding with the period when crops in the northern temperate areas are harvested. Import prices, particularly for petroleum and fertilizer, probably will not decline and may rise; thus, Thailand's foreign exchange reserves may decline around the end of 1975. The world recession will continue to severely depress the textile industry, Thailand's largest industrial employer, now operating at only 75 percent of capacity. But, given good weather, agricultural production and exports will continue to temper the Thai economic downturn. The inflation rate will subside, led by declining food prices.

Agricultural production could be affected by the high cost and availability of fertilizer but not substantially. Currently high prices for rice, corn, cassava, sorghum, sugar, tobacco, and pineapples provide strong incentives to farmers, who, with good weather, may well harvest record crops in 1975/76. High prices will also allow greater use of fertilizers and pesticides on commercial crops, especially the crucial winter rice crop.

Prices for kenaf and castor beans have fallen significantly, and production of these crops probably will be reduced in 1975. Cotton prices are high enough to encourage expanded cultivation and should remain high until late 1975. But Thai farmers, remembering

heavy losses suffered in recent years from various production problems, probably will resist Government encouragement to grow cotton.

Rubber production in 1975 will be affected by the serious damage in the rubber-producing areas of southern Thailand caused by flooding at the beginning of the year. The extent of the damage is not yet known.

Because the Thai Government restrained rice exports to control domestic rice prices in 1974, Thailand entered 1975 with a 300,000-ton-carryover of old rice. Total rice available for export equals 1.6 million tons, but Government restraints could hold 1975 exports to only 1.2 million tons. Corn exports this year should equal the 2.2 million tons exported in 1974. Tapioca products exports may increase substantially in 1975 to about 2.5 million tons.

Thai sugar exports should rise considerably again in 1975, to about 500,000 tons. High prices and Government encouragement will raise availability of tobacco for export to over 20,000 tons. However, reduced availability resulting from a small harvest will curtail kenaf exports to only 20,000 tons. Low producer prices in late 1974 and a consequently reduced production in 1975 will probably cut export of castor beans to only 20,000 tons. Also, damage to rubber plantations due to extensive flooding at the end of 1974 and declining prices will reduce output and restrict rubber exports to only 300,000 tons in 1975.

Thailand's total agricultural imports in 1975 probably will change little in volume from 1974 levels, but with lower prices, total value may drop somewhat. Cotton imports will decline, perhaps to no more than 43,000 tons, roughly half their level in 1973. Tobacco and wheat imports, on the other hand, may increase slightly in 1975. The United States will continue to be a major supplier to Thailand of wheat, cotton, and tobacco. (Gene R. Hasba)

THE REPUBLIC OF VIETNAM

Population of 20.3 million with an annual growth rate of 2.6 percent, 65 percent rural—agriculture accounts for 38 percent of GDP—major agricultural product is rice—no major agricultural exports—major agricultural imports are rice, wheat, tobacco, and cotton.

Economic Situation

The year 1974 proved less unfortunate for the South Vietnamese economy than had been expected in the beginning. Continuing economic decline occurred, but at a progressively slower rate. Industrial output during January-September was about 20 percent lower than in the same period of 1973. However, agricultural production increased considerably as people and resources continued to flow to the countryside.

During 1974, the economy continued its transition from a high import dependence to production based more on local raw materials. Prices for imports rose faster than prices for domestically produced goods, partially as a result of a 25-percent currency devaluation during the year. Consumption continued to shift from imports to local goods; for example, from imported kerosene to wood and charcoal.

Exports in 1974 went up 25 percent to \$75 million; most growth occurred in the early part of the year. Declining world markets and prices for South Vietnam's major exports subdued the value of exports in the last half of the year.

Imports in 1974 totaled \$887 million, a record level and almost 12 times that of exports. The United States financed \$665 million of the total through grant aids and loans, including P.L. 480 sales of \$203 million. However, import prices rose nearly 50 percent in 1974;

the real level of imports was 19 percent below the 1973 level and the lowest since 1965. Under Government import restrictions, the composition of imports continued to shift away from less essential consumer goods to needed raw materials.

Aid receipts from all sources increased somewhat during 1974 but not enough to compensate for the increase in import prices. Nonetheless, Government import policies in 1974 managed to restrain the outflow of foreign exchange reserves, which were declining rapidly at the year's beginning because of petroleum price increases, thus ending the year with a significant increase in reserves.

Budget financing in 1974 required a substantial expansion of the money supply, between 20-35 percent. However, because of the recession, the rate of price inflation slowed considerably from 65 percent in 1973 to 41 percent in 1974. In fact, the annual rate of price increase during August-December 1974 was only 9 percent.

Agricultural Production

Agriculture was the most vigorous sector of the South Vietnamese economy in 1974. Rice production for 1974/75 is now estimated at 4.6 million tons, a 7.5-percent increase above 1973 output. Worthy of note is the distribution of the increase; surplus areas in the delta increased output about 5 percent but traditional deficit areas raised output 17 percent. A large increase in area planted—perhaps 10 percent—because of increased labor supply, more than offset a 30-percent decrease in fertilizer use and the effects of bad weather in some areas. Output of sugar, corn, and peanuts apparently rose considerably also in 1974. Higher sugar production stimulated by high prices was particularly impressive. Sugar area is believed to have expanded 54 percent. South Vietnam is also believed to have achieved

self-sufficiency in corn, with a 10-percent increase in production in 1974.

Agricultural Trade

The value of South Vietnamese agricultural exports in 1974 rose above the previous year's level. However, export performance declined as the year progressed. Frozen shrimp exports were valued at \$24.5 million in 1974, a 93-percent increase over 1973. Rubber exports also were up in 1974 to \$14.4 million, a 13-percent increase over the previous year; and coffee exports increased 150 percent to \$4.9 million. But exports of forestry products declined 15 percent to only \$10.2 million in 1974.

U.S. agricultural imports from South Vietnam rose 64 percent in 1974 to \$1.1 million. Ostrich feathers, coffee, and opium were the principal items.

U.S. agricultural exports to Vietnam increased 47 percent from \$150.4 million in 1973 to \$221.5 million in 1974, most of them financed under P.L. 480. Rice, the predominant commodity in 1974, totaled 275,000 tons valued at \$148.9 million, a 7-percent increase in volume and an 85-percent increase in value over 1973 levels. Wheat increased 23 percent in value to \$18.8 million in 1974, despite a 37-percent decline in volume. Cotton exports in 1974 of 15,023 tons valued at \$24.1 million compared with 1973 levels of 20,902 tons worth \$19.1 million. Tobacco exports in 1974 totaled 6,200 tons valued at \$17.0 million, showing a 7-percent decline in volume and little change in value from the previous year.

Outlook

In April 1975, the Government of the Republic of Vietnam surrendered to North Vietnam. Much change in Vietnam's economy and agriculture is certain, but the form that change will take and the results cannot be foreseen. (*Gene R. Hasba*)

Table 8--Indices of total agricultural production and per capita food production, by country, 1970-74

Country	Total agricultural production					Per capita food production				
	1970	1971	1972	1973	1974 1/	1970	1971	1972	1973	1974 1/
	(1961-65 = 100)									
Bangladesh	114	104	104	121	119	95	87	83	96	94
India	125	127	119	128	119	109	107	97	104	93
Pakistan	158	157	155	165	160	132	122	118	127	117
Sri Lanka (Ceylon)	124	128	120	116	122	111	118	101	89	103
Total	126	127	120	130	122	109	106	97	104	95
Burma	105	104	99	111	103	90	87	81	89	81
Indonesia	125	128	125	142	149	106	106	100	113	116
Japan	109	102	110	110	110	102	94	100	98	97
Khmer Republic (Cambodia)	102	86	46	37	34	91	70	31	22	21
Korea, Republic of	129	129	135	138	143	110	107	106	107	109
Malaysia, West	156	169	170	196	202	128	142	147	154	163
Philippines	130	137	133	142	146	104	106	100	103	102
Taiwan	134	134	137	147	147	111	108	109	114	113
Thailand	139	144	131	163	163	111	111	94	115	115
Vietnam, Republic of	103	113	113	122	129	90	96	95	98	103
Total	119	117	120	127	129	102	97	97	100	99
Australia	120	125	113	118	121	107	112	103	109	107
New Zealand	117	118	120	117	115	106	107	110	105	98
Total	119	123	115	118	119	106	110	105	108	104

1/ Preliminary.

Table 9--U.S. agricultural exports by SITC categories to Far East and Oceania, 1970-74

	Total	Wheat and flour	Rice, milled	Feed grains	Meat and meat prep. ^{1/}	Dairy products	Fruits, nuts, and preparation	Vegetables and preparation
	Million dollars							
Far East								
Afghanistan								
1970	.7	.3	--	--	--	.3	--	--
1971	6.8	6.4	--	--	--	.3	--	--
1972	8.7	7.6	--	--	--	.4	--	--
1973	1.3	.5	--	--	--	--	--	--
1974	.9	--	--	--	--	--	--	--
Bangladesh ^{2/}								
1972	116.6	53.4	16.4	--	--	--	--	.1
1973	96.8	70.2	--	--	--	--	--	.1
1974	207.5	148.9	--	--	--	.1	--	.1
Hong Kong								
1970	57.2	3.8	2.4	--	6.2	1.3	14.1	.9
1971	68.9	2.4	.9	--	5.4	.9	14.7	1.3
1972	67.7	2.8	1.2	--	1.0	2.4	21.5	3.4
1973	147.1	7.0	27.9	--	2.0	4.0	27.7	6.7
1974	184.6	15.5	2.6	--	3.1	3.8	32.7	7.5
India								
1970	256.3	135.0	--	1.4	--	4.7	--	--
1971	272.2	80.8	17.8	1.4	.1	6.5	--	--
1972	86.9	11.4	2.8	1.1	--	4.8	--	1.2
1973	333.2	212.0	--	71.4	--	.1	--	.4
1974	454.8	374.0	--	9.7	--	--	--	4.1
Indonesia								
1970	131.2	28.9	60.2	--	.1	2.8	.1	--
1971	98.5	18.3	43.2	.1	--	3.0	.2	--
1972	134.0	23.4	60.5	--	--	2.6	.5	.3
1973	188.8	66.6	37.2	13.9	--	.2	.8	.5
1974	101.2	7.0	19.7	--	.2	.3	1.6	.7
Japan								
1970	1,214.1	157.5	.2	364.7	14.1	1.1	32.4	8.5
1971	1,073.0	152.1	--	223.2	19.6	4.1	43.0	7.4
1972	1,427.3	161.6	--	317.7	29.5	7.4	73.5	10.0
1973	2,997.7	405.9	.1	913.5	115.9	5.1	101.0	27.7
1974	3,478.9	571.9	14.4	1,112.2	41.2	6.7	104.7	35.7
Khmer Republic (Cambodia)								
1970	--	--	--	--	--	--	--	--
1971	5.0	1.7	--	--	--	.4	--	--
1972	12.1	2.6	5.7	--	--	--	--	--
1973	62.4	1.2	54.1	--	--	1.2	--	.1
1974	111.3	3.1	104.6	.5	--	--	--	.1
Korea, Rep. of								
1970	218.0	75.1	35.5	16.3	.2	6.4	.6	.1
1971	299.7	85.2	70.6	32.0	.3	4.1	.7	.1
1972	363.4	128.8	88.9	29.0	.1	4.8	.6	.4
1973	635.1	282.3	82.1	82.7	.1	.1	.9	1.3
1974	742.6	261.2	108.0	140.3	.4	.1	.7	.8
Malaysia								
1970	14.9	.7	--	--	.2	1.1	.7	.1
1971	14.6	.3	--	--	.1	.4	.6	.1
1972	11.0	.2	--	--	.1	.7	.6	.3
1973	20.9	1.7	--	.8	.1	.9	1.1	.6
1974	36.4	3.4	--	--	.2	1.0	1.2	1.1

Continued--

Table 9--U.S. agricultural exports by SITC categories to Far East and Oceania, 1970-74--Continued

	Tobacco, unmfd-	Hides and skins	Oilseeds	Oilcake and meal	Cotton, excl. linters	Animal fats and oils	Vegetable fats and oils	Other
	Million dollars							
Far East								
Afghanistan								
1970	--	--	--	--	--	--	.1	--
1971	--	--	--	--	--	--	.1	--
1972	--	--	--	--	--	.2	.3	.2
1973	--	--	--	--	--	.1	.6	.1
1974	--	--	--	--	--	.2	.6	.1
Bangladesh ^{2/}								
1972	--	--	--	--	14.0	3.3	20.4	9.0
1973	--	--	--	--	3.2	3.7	3.3	16.3
1974	--	--	--	--	40.6	5.8	10.5	1.5
Hong Kong								
1970	3.8	.7	.3	4.7	7.3	.1	1.7	10.1
1971	2.4	.8	.6	5.0	22.7	.1	.5	11.1
1972	3.0	1.6	.5	--	7.9	--	.5	21.9
1973	2.7	3.0	.2	--	36.7	--	1.1	28.1
1974	5.4	3.9	.5	.2	69.1	.2	1.5	38.6
India								
1970	.2	--	--	.1	36.3	16.7	33.7	28.2
1971	.2	--	.3	.2	48.6	31.1	49.3	35.8
1972	.1	--	.7	.1	2.1	7.2	18.0	37.4
1973	.3	--	--	--	--	5.9	10.7	32.4
1974	.4	--	.2	.3	--	21.7	17.4	27.0
Indonesia								
1970	.8	--	--	--	32.0	--	.1	6.2
1971	.4	--	--	--	29.5	--	--	3.6
1972	.4	--	--	--	38.8	--	--	7.5
1973	.8	--	--	--	49.4	--	.1	19.3
1974	1.0	--	--	--	59.8	--	.3	10.6
Japan								
1970	61.3	53.9	315.0	46.8	87.9	38.8	4.1	27.8
1971	20.7	51.7	321.8	36.2	125.6	35.5	1.9	30.1
1972	104.8	113.4	384.7	6.4	113.2	24.8	8.6	71.7
1973	101.8	150.9	731.7	57.2	178.6	59.1	24.1	125.1
1974	165.6	120.1	737.7	17.5	298.3	71.6	36.9	144.4
Khmer Republic (Cambodia)								
1970	--	--	--	--	--	--	--	--
1971	1.3	--	--	--	1.5	--	.1	--
1972	1.8	--	--	--	1.5	--	.1	.4
1973	1.3	--	--	--	3.7	--	.3	.5
1974	1.9	--	--	--	--	--	.7	.4
Korea, Rep. of								
1970	--	2.6	6.5	2.5	56.8	10.5	1.0	3.8
1971	--	3.3	7.2	2.6	73.7	14.2	1.3	4.4
1972	--	6.5	6.5	1.1	76.2	13.8	1.2	5.5
1973	--	18.5	19.7	--	111.8	27.5	2.4	5.7
1974	.8	24.5	6.1	--	148.4	42.5	2.1	6.7
Malaysia								
1970	9.2	--	--	.1	1.0	--	.4	1.3
1971	9.1	.1	--	.1	1.2	--	1.3	1.3
1972	6.4	--	--	--	1.2	--	.2	1.3
1973	9.4	--	--	--	3.6	.5	.2	2.0
1974	16.0	--	--	.1	10.9	.4	.3	1.8

Continued--

Table 9--U.S. agricultural exports by SITC categories to Far East and Oceania, 1970-74--Continued

	Tobacco, unmfd.	Hides and skins	Oilseeds	Oilcake and meal	Cotton, excl. linters	Animal fats and oils	Vegetable fats and oils	Other
	Million dollars							
Pakistan								
1970	1.0	--	--	--	2.1	10.2	39.3	.9
1971	1.5	--	--	--	2.0	8.6	35.7	4.6
1972	.7	--	--	--	.2	7.4	14.9	2.6
1973	--	--	--	--	--	6.4	16.3	.8
1974	1.0	.3	--	--	--	11.7	58.7	.8
Philippines								
1970	6.2	.5	--	3.8	18.3	1.2	.3	6.0
1971	4.1	.3	--	4.9	22.3	1.2	.2	11.8
1972	8.2	.1	.3	5.7	16.9	.7	.4	8.9
1973	9.1	.5	2.5	4.4	29.1	1.8	.8	13.2
1974	13.0	1.1	1.5	6.6	34.7	3.1	.8	16.7
Singapore								
1970	2.3	.1	5.3	1.2	.5	--	.6	2.4
1971	2.1	--	2.8	.9	1.4	--	1.3	2.6
1972	2.8	--	7.0	--	.5	.1	.3	3.8
1973	2.9	--	7.0	--	4.2	.2	.4	4.4
1974	1.4	--	2.4	--	10.5	.3	2.6	7.6
Sri Lanka (Ceylon)								
1970	.4	--	--	--	--	--	.3	.1
1971	.2	--	--	--	--	--	.1	.1
1972	--	--	--	--	--	--	.3	.1
1973	--	--	--	--	--	--	--	.2
1974	--	--	--	--	1.8	--	.6	1.3
Taiwan								
1970	8.7	1.8	61.7	.2	19.5	4.3	1.5	2.2
1971	9.8	2.4	61.4	.3	53.2	2.3	2.2	3.0
1972	14.6	3.8	76.1	1.0	40.6	3.2	1.0	2.6
1973	18.2	6.8	139.5	--	81.4	5.1	.3	4.8
1974	29.5	9.2	131.9	--	70.5	9.7	10.0	7.8
Thailand								
1970	16.1	--	--	.2	8.5	--	--	4.0
1971	18.4	--	.1	.1	20.1	--	--	4.3
1972	35.7	--	.2	--	14.7	--	.1	4.0
1973	10.6	--	--	--	40.8	.2	.2	4.9
1974	28.5	--	--	2.7	33.4	.4	.5	5.6
Vietnam, Rep. of								
1970	10.0	--	--	.6	15.7	.3	2.0	8.4
1971	16.8	--	--	5.2	18.4	.2	4.5	4.9
1972	20.3	--	.2	1.0	17.4	.1	7.1	4.4
1973	16.4	--	.1	1.2	19.1	.2	.7	4.0
1974	17.0	--	.3	.5	24.1	.4	4.4	3.3
Oceania								
Australia								
1970	10.2	--	1.3	3.8	--	.2	4.5	7.8
1971	11.1	.2	.1	3.3	1.8	.1	3.5	9.7
1972	17.2	.2	.9	2.0	.1	--	2.9	6.6
1973	17.9	.4	6.5	2.5	.8	.3	5.5	10.6
1974	26.7	.6	8.8	6.9	6.7	.9	14.6	14.1
New Zealand								
1970	5.2	--	--	--	--	--	.1	2.1
1971	3.9	--	--	--	--	--	.2	1.8
1972	4.8	--	--	--	--	--	.4	1.3
1973	6.3	--	--	1.2	--	--	.9	2.9
1974	6.2	--	--	1.2	--	.1	4.0	4.2

Source: Bureau of the Census, U.S. Dept. of Commerce; and Foreign Agricultural Service, U.S. Dept. of Agriculture.

Table 9--U.S. agricultural exports by SITC categories to Far East and Oceania, 1970-74--Continued

	Total	Wheat and flour	Rice, milled	Feed grains	Meat and meat prep. 1/	Dairy products	Fruits, nuts, and preparation	Vegetables and preparation
	Million dollars							
Pakistan								
1970	119.1	63.8	--	.5	--	1.3	--	--
1971	99.2	36.7	8.8	.1	--	1.0	--	--
1972	118.6	81.5	9.9	.2	--	.6	--	.6
1973	114.3	89.2	--	--	--	--	--	1.6
1974	158.5	80.6	--	5.3	--	--	--	.1
Philippines								
1970	77.6	30.0	--	.1	.5	5.0	4.5	1.0
1971	74.0	22.9	--	3.5	.5	1.2	.6	.5
1972	99.6	33.7	11.1	7.7	.4	3.6	1.1	.8
1973	117.3	49.4	--	1.9	.6	1.7	.4	1.9
1974	173.1	68.0	--	19.7	2.0	1.9	1.3	2.7
Singapore								
1970	17.1	.9	--	.3	.8	.5	2.1	.1
1971	15.1	.8	--	--	.7	.4	1.8	.2
1972	21.9	.4	--	2.2	.4	.8	2.7	.9
1973	57.4	6.3	19.6	4.2	1.0	1.0	4.8	1.4
1974	43.3	8.2	.8	--	1.1	1.2	5.1	2.1
Sri Lanka (Ceylon)								
1970	6.5	5.1	--	--	--	.6	--	--
1971	11.7	8.9	--	.2	--	2.1	--	--
1972	22.6	21.4	--	.4	--	.4	--	--
1973	18.2	18.0	--	--	--	--	--	--
1974	10.1	6.4	--	--	--	--	--	--
Taiwan								
1970	134.4	30.8	--	2.2	--	.2	.6	.6
1971	162.3	22.1	--	3.6	--	.1	.6	1.3
1972	193.2	29.4	--	17.3	.1	1.9	.4	1.2
1973	406.1	85.1	--	59.2	.7	2.6	1.5	.9
1974	429.9	116.2	--	36.3	1.0	4.1	2.1	1.6
Thailand								
1970	31.9	.9	--	--	.1	1.2	.6	.1
1971	46.3	2.1	--	--	--	.5	.4	--
1972	58.1	1.6	--	--	--	1.4	.2	.2
1973	61.1	2.8	--	--	--	1.1	.2	.3
1974	81.6	8.2	--	--	.1	1.4	.5	.3
Vietnam, Rep. of								
1970	166.4	16.5	92.1	5.6	.1	14.6	.4	.1
1971	98.7	16.0	9.0	5.3	--	18.3	.1	--
1972	148.0	16.6	63.7	5.2	--	11.5	--	.5
1973	150.4	18.2	80.5	6.4	--	2.4	.1	1.1
1974	221.5	19.1	148.7	1.3	--	1.7	--	.7
Oceania								
Australia								
1970	34.0	--	.1	--	.2	.1	3.7	2.0
1971	36.0	--	--	--	.2	.1	2.9	2.9
1972	35.4	--	.1	--	.1	.4	3.0	1.9
1973	54.6	--	.1	--	--	.7	3.8	5.5
1974	104.1	--	.2	--	.2	1.6	7.6	15.2
New Zealand								
1970	10.3	--	.3	--	.1	--	2.1	.4
1971	8.6	--	.2	--	--	--	2.0	.4
1972	10.4	--	.3	--	.1	.1	3.0	.4
1973	16.3	--	.4	--	.1	--	3.3	1.2
1974	26.5	2.4	.7	--	--	.1	7.0	.6

Note: Columns may not add to totals, which were taken from original sources; due to rounding, dashes mean negligible or none.

1/ Excludes poultry and poultry products.

2/ Separate figures for Bangladesh not available prior to May 1972.

Table 10--U.S. agricultural exports to the Far East and Oceania,
annual 1972-74

Country	1972	1973	1974	Change: 1974 over 1973	
				Value	Percent
	Million dollars	Million dollars	Million dollars	Million dollars	Percent
World	9,400.7	17,680.5	21,993.7	4,313.2	24.3
Far East and Oceania:	2,954.8	5,495.6	6,588.5	1,092.9	19.9
Far East	2,900.6	5,412.5	6,439.1	1,026.6	19.0
Afghanistan	8.7	1.3	.9	-.4	-31.8
Bangladesh ^{1/}	116.6	96.8	207.5	108.9	114.3
Burma	.5	--	--	--	--
Hong Kong	67.7	147.1	184.6	37.5	25.4
India	86.9	333.2	454.8	121.0	36.4
Indonesia	134.0	188.8	101.2	-87.6	-46.4
Japan ^{2/}	1,427.3	2,997.7	3,478.9	481.2	16.0
Khmer Republic (Cambodia)	12.1	62.4	111.3	48.9	78.3
Korea, Rep. of	363.4	635.1	742.6	89.5	16.9
Laos	2.2	3.6	2.5	-1.1	-30.6
Macao	.1	.1	--	-.1	--
Malaysia	11.0	20.9	36.4	15.5	74.1
Nepal	1.3	.6	.4	-.2	-33.3
Pakistan ^{3/}	118.6	114.3	158.5	44.2	38.6
Philippines	99.6	117.3	173.1	55.8	47.5
Singapore	22.0	57.4	43.2	-14.1	-24.6
Sri Lanka (Ceylon)	22.6	18.2	10.0	-8.2	-46.0
Taiwan	193.2	406.1	429.9	23.8	5.8
Thailand	58.1	61.1	81.6	20.5	33.5
Vietnam, Rep. of	148.0	150.4	221.5	71.1	47.2
Other	.1	.1	.2	.1	100.0
Oceania	54.2	83.1	149.4	66.3	79.7
Australia	35.3	54.6	104.1	49.5	90.6
British Pacific Islands	--	.1	.1	--	--
French Pacific Islands	3.5	4.9	7.2	2.3	46.9
New Guinea	.2	.2	.3	.1	50.0
New Zealand	10.4	16.3	26.5	10.2	62.5
Trust Pacific Islands	4.5	6.1	9.4	3.3	54.0
Other	.3	.8	1.9	1.1	137.5

Note: Dashes mean negligible or none.

^{1/} Separate figures for Bangladesh not available prior to May 1972; exports shown are for May-Dec. 1972.

^{2/} Includes Ryukyus.

^{3/} Includes exports to former East Pakistan (Bangladesh) for Jan.-Apr. 1972.

Source: U.S. Dept. of Commerce.

Table 11--U.S. agricultural imports from the Far East and Oceania,
annual 1972-74

Country	1972	1973	1974	Change: 1974 over 1973	
				Value	Percent
	Million dollars	Million dollars	Million dollars	Million dollars	Percent
World	6,466.9	8,419.1	10,247.0	1,827.9	21.7
Far East and Oceania:	1,633.2	2,286.0	2,878.5	592.5	25.9
Far East	903.4	1,206.4	1,936.4	730.0	60.5
Afghanistan	1.7	1.3	2.9	1.6	130.7
Bangladesh 1/	2.5	4.6	3.6	-1.0	-21.7
Burma	.1	--	.1	.1	--
Hong Kong	6.5	7.5	8.7	1.2	16.0
India	91.8	105.8	128.4	22.6	21.4
Indonesia	139.2	224.2	358.8	134.6	60.0
Japan	53.4	57.1	69.8	12.7	22.2
Khmer Republic (Cambodia)	--	--	.6	.6	--
Korea, Rep. of	8.6	11.1	15.1	4.0	36.0
Laos	--	.1	--	-.1	--
Macao	--	--	--	--	--
Malaysia	112.1	170.2	279.1	108.9	64.0
Nansei Islands	.1	--	--	--	--
Nepal	.1	.3	--	-.3	--
Pakistan 2/	3.8	3.1	2.8	-.3	-9.7
Philippines	339.9	467.6	847.5	379.9	81.2
Singapore	21.5	27.9	44.7	16.8	60.2
Sri Lanka (Ceylon)	22.6	25.1	32.3	7.2	28.7
Taiwan	72.6	67.1	94.9	27.8	41.4
Thailand	24.5	29.8	43.7	13.9	46.6
Vietnam, Rep. of:	.5	.7	1.1	.4	57.1
Other	1.9	2.9	2.3	-.6	-20.7
Oceania	759.8	1,079.6	942.1	-137.5	-12.7
Australia	496.9	676.7	576.9	-99.8	-14.8
British Pacific Islands	--	--	--	--	--
French Pacific Islands	.1	--	.1	.1	--
New Guinea	10.5	22.7	32.0	9.3	41.0
New Zealand	245.5	366.9	318.3	48.6	-13.2
Trust Pacific Islands	--	--	--	--	--
Other	6.8	13.3	14.8	1.5	11.3

Note: Dashes mean negligible or none.

1/ Separate figures for Bangladesh not available prior to May 1972; imports shown are for May-Dec. 1972.

2/ Includes imports to former East Pakistan (Bangladesh) for Jan.-Apr. 1972.

Source: U.S. Dept. of Commerce.

UNITED STATES DEPARTMENT OF AGRICULTURE
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